



**GAUTENG PROVINCE**

EDUCATION  
REPUBLIC OF SOUTH AFRICA

**GAUTENG DEPARTMENT OF EDUCATION**

**PROVINCIAL EXAMINATION**

**NOVEMBER 2020**

**GRADE 10**

**ECONOMICS  
PAPER 1**

**MARKING GUIDELINES**

15 pages

**SECTION A: COMPULSORY****QUESTION 1****1.1 MULTIPLE CHOICE QUESTIONS**

- 1.1.1 C✓✓ Economics
- 1.1.2 A✓✓ Social sciences
- 1.1.3 D✓✓ Positive statement
- 1.1.4 A✓✓ Absolute scarcity
- 1.1.5 C✓✓ children being needed to work.
- 1.1.6 B✓✓ plan effectively.
- 1.1.7 A✓✓ circuit migration.
- 1.1.8 D✓✓ South Africa.

(2 x 8) (16)

**1.2 MATCHING ITEMS**

- 1.2.1 D✓ Process whereby an entrepreneur combines available resources and turns them into some sort of product which is used to satisfy the needs and wants of the population
- 1.2.2 A✓ The production activities involved in the distribution of goods and the provision of services to the public
- 1.2.3 B✓ When a business specialises in the production of one product or service
- 1.2.4 C✓ The process whereby products move from producer to consumer and is called trade
- 1.2.5 F✓ Leads to the loss of economically active family members and social problems
- 1.2.6 H✓ Foreigners that enter a country on a permanent basis
- 1.2.7 E✓ Developed on the outskirts of South African cities as a result of a housing backlog
- 1.2.8 G✓ Includes micro businesses like street vendors

(8 x 1) (8)

**1.3 GIVE THE CONCEPT**

- 1.3.1 Complements✓
- 1.3.2 Circular flow diagram ✓
- 1.3.3 Public goods
- 1.3.3 Heterogeneous ✓
- 1.3.5 Demographic cycle ✓
- 1.3.6 Emigrants ✓

(6 x 1) (6)

**[30]****TOTAL SECTION A: 30**

**SECTION B**

Answer any TWO of the three questions from this section in the ANSWER BOOK

**QUESTION 2: MACROECONOMICS**

2.1 Answer the following questions.

2.1.1 Name any TWO economic questions that force people to find answers.

- What must be produced? ✓
- How we should produce? ✓
- For whom should we produce? ✓

(Any 2 x 1) (2)

2.1.2 Why is economics regarded as a social science?

- It's a social science concentrated on analysis of people and their behaviour ✓✓

(1 x 2) (2)

2.2 DATA RESPONSE

2.2.1 Give an example of *taxes on products*.

- VAT ✓
- Fuel levy ✓
- Taxes on insurance premiums ✓
- Car registration taxes ✓

(Any 1 x 1) (1)

2.2.2 What institution is responsible for publishing national account information?

Quarterly bulletin ✓

(1)

2.2.3 Briefly describe the term *factor cost*.

The cost of goods and services produced in a country before taxes and subsidies ✓✓

(2)

2.2.4 Why are the GNP figures generally lower than the GDP figures in South Africa?

Because SA depends more on foreign investors than they depend on us ✓✓

(2)

2.2.5 Calculate the gross value added at factor cost in the above table labelled (A). Show ALL calculations.

$$2\,320\,179 + 1\,249\,182 + 6\,764\,86 \checkmark\checkmark = 4\,245\,847 \checkmark\checkmark$$

(2 x 2) (4)

## 2.3 DATA RESPONSE

2.3.1 Name the positively sloped straight line on the above graph.

trend line ✓

(1)

2.3.2 What is the distance from peak to trough called?

Amplitude ✓

(1)

2.3.3 Briefly describe the term *at constant prices*.

- these are prices of goods and services that have been adjusted for inflation ✓✓

(2)

2.3.4 Briefly describe a feature of the depression phase.

- Businesses shutdown, people lose jobs and unemployment is very high. ✓✓

(2)

2.3.5 How do Monetarist and Keynesian approaches on business cycles differ?

- Monetarists believe that fluctuations in a business cycle are caused by external factors ✓✓
- Keynesians believe that fluctuations are caused by internal factors ✓✓

(2 x 2) (4)

2.4 Differentiate between microeconomics and macroeconomics.

Macroeconomics	Microeconomics
It studies the whole and focuses on the total or aggregate economic behaviour e.g. aggregate production, aggregate income and expenditure ✓✓ Economic growth ✓ General price level and inflation ✓✓ The balance of payments ✓✓	Studies small units or small parts, thus individual decision makers e.g. individuals/households/ consumers etc. decide what to buy ✓✓ Producers decide what to produce, how much and at which price to sell ✓✓ Demand and supply, thus market equilibrium as well as market prices ✓✓

(4 x 2) (8)

**2.5 Briefly discuss the methods to determine GDP.**

- There are three ways of calculating GDP - all of which in theory should sum up to the same amount. ✓✓
  - Production method: ✓
    - With this method the GDP is determined by the sum of the value added at each stage of the production process. ✓✓
  - Revenue method: ✓
    - With this method, GDP is determined by income earned from the factors of production within the borders of the country. ✓✓
  - Expenditure method: ✓
    - With this method the GDP is determined by the total expenditure on all final goods and services produced within the limits of the land. ✓✓
- (Accept any other correct relevant response) (8)

**QUESTION 3: ECONOMIC PURSUITS**

**3.1 Answer the following questions.**

**3.1.1 Name TWO factors that determine the natural population growth rate.**

- Birth rate ✓
- Death rate ✓✓ (2 x 1) (2)

**3.1.2 How does HIV/AIDS effect the life expectancy of South Africans?**

- HIV/AIDS increases the death rate and decreases a nation's life expectancy. ✓✓ (1 x 2) (2)

**3.2 DATA RESPONSE**

**3.2.1 What economic problem is being experienced by the migrants?**

- Poverty or Scarcity ✓
- (Accept any other correct relevant response) (1)

**3.2.2 Give one example of a government aid program.**

- Old age pension ✓
  - Child support grant ✓
  - Social relief of distress ✓
  - Care dependency grant ✓
  - Grant in aid ✓
  - War veterans grant ✓
  - Foster child grant ✓
  - Disability grant ✓
- (Accept any other correct relevant response) (1)

**3.2.3 Briefly describe the term *migration*.**

Migration is simply moving from one place to another with the intention of settling permanently or temporarily. ✓✓  
(Accept any other correct relevant response) (2)

**3.2.4 Why do migrants work mostly in the informal sector?**

Many migrants are here illegally or do not have work permits ✓✓  
(Accept any other correct relevant response) (2)

**3.2.5 What can be done to assist the migrants who have lost their income?**

- Government could allow migrants access to government aid programs. ✓✓
  - Government could give migrants access to enter the country and access work permits. ✓✓
  - Welfare organisations could provide aid to the migrants.
- (Accept any other correct relevant response) (2 x 2) (4)

**3.3 DATA RESPONSE****3.3.1 What province of South Africa has the biggest population size?**

- Gauteng ✓ (1)

**3.3.2 Why do people move from rural areas to big cities like Johannesburg?**

- A move from a rural to an urban area is mostly driven by economic and employment reasons, but education related reasons such as moving for your own or other's education are also important factors ✓
- (Accept any other correct relevant response) ✓ (1)

**3.3.3 Briefly describe the term *urbanisation*.**

- Urbanization refers to the increasing number of people that live in urban areas. ✓✓
- (Accept any other correct relevant response) (2)

**3.3.4 Why is the growing rate of urbanisation a problem for local government?**

- Congestion, pollution, crime and disease are problems associated with urbanisation. ✓✓
- (Accept any other correct relevant response) (2)

**3.3.5 What measures may be used to slow down the rate of urbanisation?**

- Combat poverty by promoting economic development in rural areas. ✓✓
  - Create private-public partnerships to provide employment in rural areas. ✓✓
- (Accept any other correct relevant response) (2 x 2) (4)

**3.4 Briefly discuss the evolution of international economic cooperation in Africa.**

- Governments worldwide are trying to improve cooperation with other countries. ✓✓
- Negotiations takes place regarding international and multilateral agreements. ✓✓
- Governments are trying to align their economic policies. ✓✓
- African governments have also recognised the need to develop a common trading area. ✓✓
- The African Union seeks to bring about the economic integration of African countries. ✓✓
- Other integration efforts ranged from regional customs unions to economic and monetary unions. ✓✓
- Important South African trade initiatives include the Southern African Customs Union (SACU) and the bilateral trade and aid agreement with the European Union. ✓✓
- In 2010, South Africa joined the BRIC group, which is made up of Brazil, Russia, India and China. ✓✓

(Accept any other correct relevant response)

(Any 4 x 2) (8)

**3.5 Why should South Africans save more?**

- Savings is a big determinant of economic activity. ✓✓
- A rise in savings can have a big impact on economic activity. ✓✓
- Higher savings can help finance higher levels of investment. ✓✓
- Investments boost productivity over the longer term. ✓✓
- The level of savings determines the level of investment since investment needs to be financed from savings. ✓✓
- If people save more, it enables banks to lend more to firms for investment. ✓✓
- The level of savings is a key factor in determining economic growth. ✓✓

(Any 4 x 2) (8)

**[40]**

**QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS****4.1 Answer the following questions:****4.1.1 Name any TWO participants in the economic cycle.**

- Households ✓
- Government/State/ Public sector ✓
- Business/ Producer/ Firms ✓
- Foreign sector ✓

(Any two)

(2 x 1) (2)

**4.1.2 What can government do to prevent the spread of HIV/AIDS among the labour force?**

- Government provides medical care, like access to antiretrovirals. ✓✓
- Government provides preventative infection information. ✓✓
- The provision of contraceptives. ✓✓

(Accept any other correct relevant response)

(2)

**4.2 DATA RESPONSE****4.2.1 According to the picture why should political leaders study Economics?**

- Because it influences the economy and people through exercising power ✓

(1)

**4.2.2 List one career in the field of economics**

- Accounting ✓
- Business studies ✓
- Commercial law ✓
- Mathematics ✓

(1)

**4.2.3 Why do economists use theories and models?**

- To generalise specific sets of data and explain what is happening in a particular situation and predict what is going to happen next ✓✓

(2)

**4.2.4 Briefly describe the term *economics*.**

A social science that studies the daily choices people make and how to satisfy their unlimited needs and wants with the limited means at their disposal in such a way that they achieve maximum satisfaction. ✓✓

(2)

**4.2.5 Explain the difficulties faced by social sciences.**

- Difficulty in running experiments ✓
- Inexactness of the social sciences ✓
- Making value judgements ✓
- Deciding which facts to use ✓

(2 x 2) (4)



4.3.1 **Name the institution responsible for calculating the South African unemployment rate.**

Statistics South Africa ✓ (1)

4.3.2 **Give one reason for the spike in the unemployment rate during Quarter 1 of 2020.**

The national Covid-19 lockdown ✓ (1)

4.3.3 **Briefly describe the term *unemployment*.**

Unemployment is a term referring to individuals who are employable and seeking a job but are unable to find a job. ✓✓ (2)

4.3.4 **Why is unemployment among the youth higher than in other age groups?**

The youth have little or no work experience and training. ✓✓ (2)  
(Accept any other correct relevant response)

4.3.5 **How can government help to lower the unemployment rate?**

- Government could promote economic growth by implementing business friendly policies. ✓✓
  - Government should encourage the growth of the South African informal sector. ✓✓
  - Government could implement a youth wage subsidy. ✓✓
- (Accept any other correct relevant response) (2 x 2) (4)

4.4 **Briefly discuss the evolution of labour unions.**

- Poor working conditions during the Industrial Revolution led to the formation of trade unions. ✓✓
  - Trade unions were workers' organizations trying to improve wages and working conditions. ✓✓
  - By the beginning of the twentieth ✓✓ century, the rights of workers to organize and bargain collectively was recognized in most western countries.
  - Trade unions have imposed restrictions on the mistreatment of workers and setting minimum wages. ✓✓
  - Some industries suffered as a result of strikes, but the unions brought about many improvements in working conditions. ✓✓
  - Trade unions played an important role in South Africa because they served as a political forum for workers and contributed to the formation of a new government. ✓✓
- (Accept any other correct relevant response) (4 x 2) (8)

**4.5 Evaluate how the government protects consumer rights.**

- Government can impose heavy penalties on those producers and businesses who infringe consumer rights. ✓✓
- The government has the responsibility to protect consumers from exploitation. ✓✓
- Has a responsibility to ensure that consumers rights are enforced. ✓✓
- It can be achieved through educating consumers about their rights. ✓✓
- Setting up organisations to deal with the investigation of consumer complaints and consumer rights violation. ✓✓

(8)

**[40]****TOTAL SECTION B: 80**

**SECTION C**

Answer any ONE of the two questions in this section in the ANSWER BOOK.  
Your answer will be assessed as follows:

**QUESTION 5: MACROECONOMICS**

- **Discuss in detail the phases of business cycle with the aid of a diagram.** (26)
  - **Evaluate the endogenous reasons for changes in the business cycle** (10)
- [40]**

**INTRODUCTION**

Business cycle is a consecutive period of increasing and decreasing economic activities. ✓✓

**MAIN PART**

Prosperity phase ✓

- Optimism encourages entrepreneurs to borrow money and to buy new machinery. ✓✓
- More people are employed and production increases. ✓✓
- Prices, wages, interest rate and profits increase. ✓✓
- Factories work overtime and skilled labour becomes extremely scarce. ✓✓
- When the boom starts everything seems to go to the extreme. ✓✓
- Interest rates, salaries and wages increase to even higher levels and there is a much greater demand for raw materials, costs of businesses increases almost beyond control. ✓✓
- Inflation accelerates beyond previous high levels. ✓✓
- Some businesses start to realise that the prosperity phase cannot last forever. ✓✓
- But there are no clear disturbances yet. ✓

The recession phase ✓

- Businesses start to prepare for bad times by trying to repay the larger part of their loans. ✓✓
- They selectively lay off workers.
- Spending by households and profits of businesses start to decrease. ✓✓
- Inflation is high and the central bank reduces the quantity of money and credit in the economy and increases interest rates ✓✓ in other words, the central bank applies a stricter monetary policy. ✓✓
- Households find it difficult to buy goods on credit and to pay bonds, and banks insist that business enterprises repay the loans that were granted during the boom. ✓✓
- Spending on durable consumer goods and capital equipment is greatly reduced and unemployment increases. ✓✓
- Some businesses start to show losses. ✓✓

## The depression phase

- This phase is characterised by general pessimism (expecting the worst) by households and businesses. ✓✓
- The spending of all sectors in the economy decreases drastically and consists mainly of expenditure on consumer goods. ✓✓
- Businesses show poor profits, many make losses, and some go bankrupt. ✓✓
- Households that cannot pay their debts have their furniture, motorcars, and even their houses repossessed. ✓
- Many people find work in the informal sector. ✓✓
- The main objective of households is to provide for their basic needs (food, shelter and clothing). ✓✓
- Because of the reduction in demand, inflation also decreases and interest rates fall. ✓✓
- At a certain stage businesses start to realize that conditions are going to improve at some time, and they take the first actions that will eventually lead to the recovery. ✓✓

## The recovery phase ✓

- Businesses realise that conditions are going to improve and start to service their machinery and improve equipment. ✓✓
- They increase their production slightly to provide stock for a possible increase in demand. ✓✓
- They make better use of their labour and even employ new workers. ✓✓
- Because businesses purchase more goods and services and employ a greater number of people, there is an increase in income and spending in the economy. ✓✓
- Because interest rates are low, household bond repayments and other instalments are low, and so households have more money to spend. ✓✓
- Loans are available but households and business enterprises are still not keen to borrow. ✓✓✓✓
- As soon as sales improve, business profits increase. ✓✓
- Entrepreneurs become more optimistic. ✓✓

## Additional part

Evaluate the endogenous reasons for changes in the business cycle.

- The Keynesian (endogenous) view is that markets are inherently unstable therefore government interventions are necessary to stabilise the economy. ✓✓
- They argue that changes in the value of total expenditure brings about changes in demand. ✓✓
- Government can intervene through fiscal policy which includes taxes to stimulate economic activity. ✓✓
- During a recession, government can increase its spending and reduce taxes to stimulate economic activity. ✓✓
- This will increase the level of economic activity, e.g. production, employment, income and demand. ✓✓✓
- During a peak the government can increase taxes and reduce government spending. ✓✓

## Conclusion

Endogenous changes in the business cycle are based on events in the economy and are interlinked and can affect each other. ✓✓

[40]

**QUESTION 6: ECONOMICS PURSUITS**

- **Discuss in detail the South African population size and the demographic cycle.** (26)
  - **How will the Covid-19 pandemic effect the South African population growth rate?** (10)
- [40]**

**INTRODUCTION**

For economic planning to be effective it is important to have insightful, accurate data regarding South Africa's population size and projected growth rate.

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

**BODY****THE POPULATION SIZE:****Population growth**

- The national growth rate of a country can be positive or negative. ✓✓
- It is usually expressed between about 0.1% and 3% per year. ✓✓
- The population of South Africa has increased from 22 million in 1970 to almost 50 million in 2010. ✓✓
- This includes immigration. ✓✓
- This rapid growth rate of 2.3% is one of the highest growth rates in the world.
- Between 1960 and 1970, the average growth rate was even higher (2.8%). ✓✓
- Since then it has begun to decline. ✓✓
- In 2010 it was estimated at 1.36%. ✓✓ (Max. 13)

Natural growth rate ✓

Natural growth rate represents the births and deaths of a country's population and does not take into account migration. ✓✓

The average growth rate takes into account migration. ✓✓ (Max. 13)

## THE DEMOGRAPHIC CYCLE

- By doing a scientific analysis of the history of population growth, a cycle has been identified that shows changes in the natural population growth of a country over a period of time. ✓✓
- A population pyramid, also called an age structure diagram, is a graphical illustration showing the distribution of various age groups in a population, which usually has a pyramid shape. ✓✓
- Men are usually shown on the left, and women on the right. ✓✓

First phase (slowly growing phase): ✓

- High birth rates and high death rates.
- As both figures are high, the population is growing slowly. ✓✓

Second phase (pre-modern phase): ✓

- A sharp drop in death rates, mainly due to improved health services, water and sanitation infrastructure, while birth rates remain high. ✓✓✓
- This results in an increase in population growth. ✓✓

Third phase (modern phase, stagnant): ✓

- A sharp rise in living standards affects family life. ✓✓
- Birth control leads to a decrease in birth rates. ✓✓
- The decline in mortality rates continues. ✓✓
- The natural growth rate is declining. ✓✓

Fourth stage (shrinking): ✓

- Birth rates fall below the replacement level, mortality rates remain low, with high life expectancy, small families and an aging population. ✓✓
- Like many other developing countries, South Africa is moving through a demographic transition, with a declining death rate and declining birth rates and, as a result, declining natural population growth. ✓✓
- Two decades ago, it was generally believed that the population would grow slowly into the new millennium, but at a declining rate. ✓✓
- These projections had to be reconsidered due to HIV/AIDS ✓✓

(Allocate a maximum of 8 marks for headings/sub-headings/examples.)

(Max. 13)

(Accept any other correct relevant response)

**How will the Covid-19 pandemic affect the projected growth rate of the South African population?**

- Projections are made to predict the size of the population at certain times in the future so that the government can plan what resources residents will need in terms of infrastructure, education and health projects. ✓✓
- The unknown factors like the Covid-19 pandemic make such projections risky. ✓✓
- Other factors that may also affect projections is the prevalence of HIV / AIDS and migration. ✓✓
- Population projections are based on assumptions and scenarios. ✓✓
- To assess the impact of events like the Covid-19 pandemic on the projected population growth, the following estimates are required: ✓✓
  - Prevalence (in other words, an estimate of the proportion of the country's total population infected at any given time); ✓✓
  - When the appearance can reach its peak; ✓✓
  - Trends in Covid-19 related deaths. ✓✓
  - Covid-19 impact on the size and growth rate of the population should be small since mortality rate of people contracting the disease is low. ✓✓

(Accept any other correct relevant response)

(10 marks)

**CONCLUSION**

Population studies and projections are necessary to determine composition of the workforce and on the size of the population. Covid-19 will impact both the size and growth rate of the South African population. ✓✓

(Accept any other correct relevant response)

(Max. 2)

**[40]**

**TOTAL SECTION C: 40**

**TOTAL: 150**