



GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

**GAUTENG DEPARTMENT OF EDUCATION
PROVINCIAL EXAMINATION**

2015

GRADE 10

**ECONOMICS
PAPER 2**

MEMORANDUM

14 pages

**GAUTENG DEPARTMENT OF EDUCATION
PROVINCIAL EXAMINATION**

**ECONOMICS
Paper 2**

MEMORANDUM

SECTION A

1.1	1.1.1	C✓✓	
	1.1.2	C✓✓	
	1.1.3	C✓✓	
	1.1.4	A✓✓	
	1.1.5	B✓✓	
	1.1.6	C✓✓	
	1.1.7	A✓✓	
	1.1.8	C✓✓	
			(8x2) (16)
1.2	1.2.1	E✓	
	1.2.2	I✓	
	1.2.3	G✓	
	1.2.4	H✓	
	1.2.5	F✓	
	1.2.6	B✓	
	1.2.7	A✓	
	1.2.8	D✓	
			(8x1) (8)
1.3	1.3.1	working age✓	
	1.3.2	strict/narrow definition✓	
	1.3.3	Affirmative action✓	
	1.3.4	collective agreement✓	
	1.3.5	demand✓	
	1.3.6	price maker✓	
			(6x1) (6)

TOTAL SECTION A: 30

SECTION B

QUESTION 2

- 2.1 2.1.1 **List TWO functions of markets**
- Bringing supply and demand together ✓✓
 - Allocating resources ✓✓
 - Self-regulation ✓✓ (2)
- 2.1.2 **Explain the *law of supply*.**
All things being equal, the lower the prices, the lower the quantity supplied ✓✓ and visa versa./All things being equal, the higher the prices the higher the quality supplied. (2)
- 2.2 2.2.1 **Give the equilibrium Price and Quantity**
Price – P_0 ✓ and Quantity – Q_0 ✓ (2)
- 2.2.2 **At what price is there an excess demand? Explain your answer.**
 P_1 ✓✓ – At this price the quantity demanded (Q_2) is higher than the quantity supplied (Q_1)✓✓. (4)
- 2.2.3 **What are TWO factors that could influence the supply and the quantity supplied?**
- Price of the product✓✓
 - Price of alternative products✓✓
 - Price of by-products✓✓
 - Price of inputs✓✓
 - Expected future prices✓✓
 - Innovation, technology and new production techniques✓✓
 - Natural disasters and labour actions✓✓
 - Government policy✓✓
 - Number of suppliers ✓✓ (*any two*) (2x2) (4)
- 2.3 2.3.1 **Define the concept *production possibility curve*.**
The production possibility curve shows the combinations of any two goods or services that can be produced or offered when the available resources are fully and efficiently employed. ✓✓ (2)
- 2.3.2 **Which curve will produce better production combinations? Give a reason for your answer**
CD✓
- There is an overall increase in the number of either goods or services that can be produced. ✓ (2)

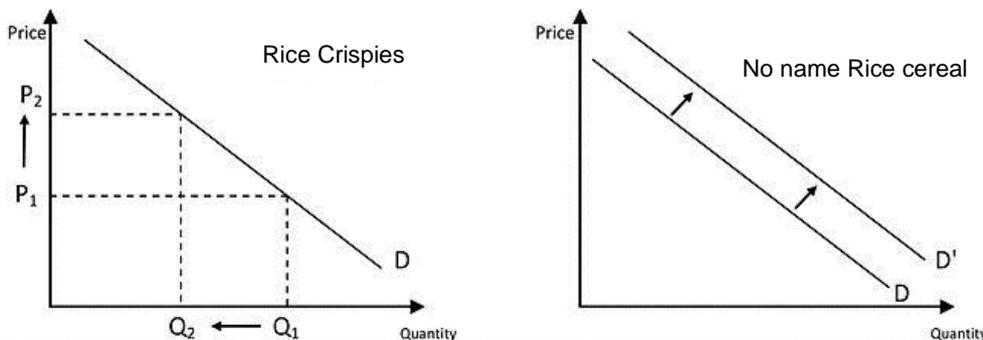
2.3.3 Give **THREE** possible reasons why curve AB shifted to CD.

- Increase in the supply of resources√√
 - Improvement in the quality of work done√√
 - Increase in the number of people who can work√√
 - Increased productivity and motivation of workers√√
 - Improvement in technology or production processes √√ (any three)
- (3x2) (6)

2.4 Discuss **FOUR** characteristics of perfectly competitive markets.

- Many sellers in market – no single supplier can influence price√√
 - Many buyers in market – no single consumer can influence price√√
 - All suppliers produce homogeneous products√√
 - Any supplier or consumer has the freedom to enter the market or exit the market – no barriers or costs√√
 - All suppliers and consumers have perfect knowledge of other suppliers' prices, cost of factors of production, and anything else that affects the market. √√
- (any four) (4x2) (8)

2.5 Consider the following scenario



Mark allocation (8)

Graph: Rice Crispies	Graph: No Name Rice cereal
<ul style="list-style-type: none"> • Indicate increase of price √√ • Indicate decrease in quantity√√ 	<ul style="list-style-type: none"> • Original demand curve √√ • Indicate outward shift of demand curve√√

[40]

QUESTION 3

- 3.1 3.1.1 **List TWO labour rights that are protected in terms of the Constitution of South Africa**
- Right to work√
 - Right to fair remuneration√
 - Right of access to training√
 - Right to freedom of association in organising and belonging to a trade union√
 - Right to negotiate and bargain collectively√
 - Right to strike√
 - Right to protection and safety and health√
 - Right to security against unemployment or injury on duty√
 - Right to protection against unfair labour practices√
 - Right to protection against unfair discrimination√ (*any two*) (2x1) (2)
- 3.1.2 **Explain how *arbitration* works.**
Getting an independent person to settle a dispute in which parties involved have to accept. (2)
- 3.2 3.2.1 **In your own words explain your understanding of the term *strike***
A refusal to work organized by a body of employees as a form of protest.√√ (2)
- 3.2.2 **What is the role of a trade union**
- A trade union is any number of employees in a specific kind of job who are united with the purpose of arranging relations between them and their employers.√√
 - Promote the general interests of their members.
 - Protect members' job security.
 - Protect members' training and education.
 - Represent members in negotiations. (2)
- 3.2.3 **Give a possible effect that strikes may have on a country's economy.**
Decrease in production√√ (*any suitable answer*) (2)
- 3.2.4 **According to the article, give the reason for the strike action.**
Demands for higher wage increases√√ (2)
- 3.2.5 **Provide the full name of the largest trade union federation in South Africa.**
Congress of South African Trade Unions (*do not accept the abbreviation*) √√ (2)

- 3.3 3.3.1 **What is the role of SEFA?**
To provide direct finance to SMMEs√√ (2)
- 3.3.2 **Explain what is meant by *collateral* and *bad credit records***
- Collateral – something pledged as security for repayment of a loan, to be forfeited in the event of a default.√√ (*accept suitable answers*)
 - Bad credit records – a history of not paying debt on time√√ (*accept suitable answers*) (2x2) (4)
- 3.3.3 **Name ONE other organisation that can assist SMMEs financially.**
- Khula Enterprise Finance Ltd√√
 - Business Partners Ltd√√ (*any one*) (2)
- 3.3.4 **Why do you think it is important that SMMEs are promoted in the South African economy?**
SMMEs create jobs. This will lead to more people receiving an income and therefore the aggregate demand will increase which will lead to an increase in production. √√
Accept other relevant answer (2)
- 3.4 **Explain any TWO other Acts that enhance labour rights in South Africa.**
- The Labour Relations Act√√
The purpose is to increase economic development and create better relations between employers and employees.√√
The aim is to set up rules and guidelines for everybody in the labour market.√√
 - Basic Conditions of Employment Act√√
The purpose is to prescribe the minimum working conditions that apply to all employees in South Africa√√
 - The Occupational, Health and Safety Act√√
The purpose is to ensure that all employees have safe and healthy working conditions.√√
 - Employment Equity Act√√
The purpose is to ensure that people are treated fairly and get the same opportunities in the workplace.√√
 - The Skills Development Levies Act√√
The purpose is to create incentives for employers to send their employees for training.√√
- (2x4) (8)

3.5 **Distinguish between the two types of training programmes which were created by the Skills Development Act of 1998.**

- Learnerships√√
 - Learning programme that will provide a person with a nationally registered qualification when a person spends some time learning theory and practical skills in the workplace.√√
- Skills programmes√√
 - Involve training that is based on a certain job and will count as credits towards a registered qualification.√√

(2x4)

(8)

[40]

QUESTION 4

- 4.1 4.1.1 **List TWO causes of market failures related to labour**
- Trade unions✓
 - Immobility of labour✓
 - Oligopoly employers✓
 - Market inflexibility✓
 - Discrimination✓
 - Lack of training✓
 - Lack of information✓
 - Attachment between workers and employers✓ (*any two*) (2x1) (2)
- 4.1.2 **What is the effect on economic growth if the economy is not producing efficiently?**
The economic growth rate will decrease. (2)
- 4.2 4.2.1 **Distinguish between *minimum wage* and *national minimum wage*.**
- Minimum wages are the lowest wages than an employer in a certain sector may pay an employee for a specific job and are dictated by laws.✓✓
 - The National Minimum Wage is the minimum pay per hour almost all workers (not only certain sectors) are entitled to by law. ✓✓ (2x2) (4)
- 4.2.2 **Name TWO sectors in which minimum wage laws currently apply.**
Civil Engineering✓, Contract Cleaning✓, Domestic workers✓, Farm workers✓, Forestry✓, Hospitality✓, Private security✓, Wholesale and Retail✓, Taxi ✓ (any two) (2x1) (2)
- 4.2.3 **What would be the result if a minimum wage is introduced that is higher than the equilibrium wage?**
The quantity of labour supplied by workers will exceed the quantity of labour demanded by firms. Results in unemployment.✓✓ (2)
- 4.2.4 **Briefly explain the effect of a minimum wage on the quantity of goods supplied.**
An increase in goods supplied.✓✓ (2)
- 4.3 4.3.1 **What is the labour force participation rate in the second quarter of 2015?**
58.10%✓✓ (2)
- 4.3.2 **Give the formula for calculating the labour force participation rate.**
Labour Force Participation Rate = $\frac{\text{economically active population}}{\text{population}}$ ✓✓ (2)

4.3.3 Give **THREE objectives of the Labour Relations Act.**

- Self-governance√√
- Majorification√√
- Consultation√√

(3x2) (6)

4.4 **Minimum wages is one way in which the government can intervene in markets. Shortly discuss FOUR other ways of government intervention.**

- Setting maximum prices or price ceilings√
A fixed price that is set lower than the current equilibrium price to protect consumers √
- Setting minimum prices or price floors√
Fixed price that is higher than the current equilibrium price to protect suppliers√
- Subsidies√
Government payments to producers that have the effect of reducing the cost of producing a product√ – production subsidies and consumer subsidies√
- Social welfare√
The government has a duty to improve the welfare level of all the people, especially the poor√
- Imposing taxes√
When government imposes a tax it increases the cost of goods and/or services√ – leads to suppliers supplying less√

(8)

4.5 **Briefly explain the factors that influence the demand for labour**

- Economic conditions:
If a country's economy is growing, more goods and services must be produced and more workers will be employed – the opposite is also true.√√
- Productivity:
The more productive workers are the more workers the company will hire as it will make a bigger profit through better productivity levels.√√
- Cost of labour:
If it is too expensive to hire workers, the demand for workers will decrease – the opposite is true.√√
- Substitution of labour:
Some production methods are labour intensive, which means that most of the work is done by workers – other production methods are capital intensive, which means that most of the work is done by machines or computers.√√

(4x2) (8)

[40]

TOTAL SECTION B: 80

SECTION C**QUESTION 5**

Market forces are economic factors that affect the availability of goods and the demand for them.

- Evaluate the factors that influence demand and quantity. (26)
- By using graphs, illustrate the difference between a movement along the demand curve and a shift of the demand curve. (10)

[40]

INTRODUCTION

Price formation happens through market forces – demand and supply – which allocate resources between competing uses.√√

(2)

Or

Any suitable introduction

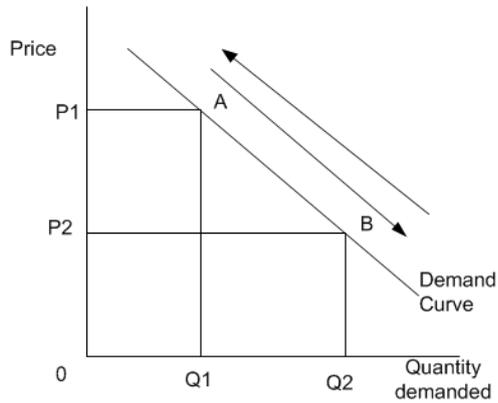
BODY**Factors that influence demand and quantity demanded**

- The price of the product√
Consumers are willing and able to buy more at lower prices, ceteris paribus.√√
E.g. √
- The price of complements√
If the price of one complementary product increases, consumers will demand less of this product and use less of the other complementary product.√√ E.g. √
- The price of substitutes√
If the price of a product increases, consumers will demand less of this product and instead demand more of its substitute.√√ E.g. √
- The income of the consumer√
The higher the income of a consumer, the more money is available to spend on goods and the more the consumer will spend, ceteris paribus.√√ E.g. √
- The tastes and preferences of consumers√
If a consumer prefers A to B, he will tend to buy more A than B, ceteris paribus.√√ E.g. √
- The size of the household√
The larger the household, the greater the demand will be, ceteris paribus.√√
- Expected changes in prices√
If consumers expect a price to change in the future, this influences their demand for the product concerned.√√

Heading and Examples Max 8 Marks
(Max 26)

ADDITIONAL PART

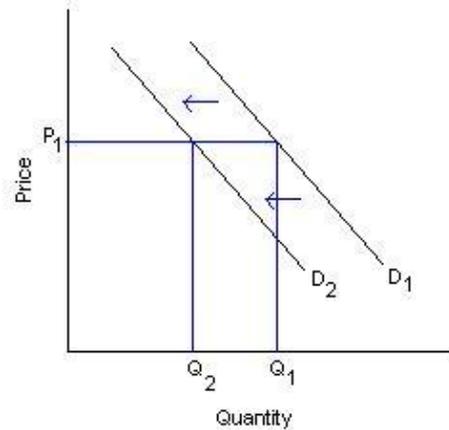
The movement along the demand curve



Mark allocation

- Indicate at least two prices✓✓
- Indicate at least two quantities✓✓
- Indicate movement only occurs along the demand curve✓✓

A shift of the demand curve

Shift in a market demand curve

Mark allocation:

- Indicate one price level✓✓
- Indicate shift (outwards or inwards) of demand curve✓✓
- Indicate quantities demanded change because of shifts✓✓

(10)

CONCLUSION

Market equilibrium exists when the quantity demanded, and the quantity supplied of a product, is equal. (Any suitable conclusion)✓✓

(2)

[40]

QUESTION 6

South Africa has one of the highest unemployment rates in the world.

- **Discuss the types of unemployment and the negative effects of unemployment on the economy.** (26)
 - **In conclusion to your discussion briefly explain how a public works programme, unemployment insurance and the development of small, medium and micro-enterprises can help to alleviate poverty in South Africa.** (10)
- [40]**

INTRODUCTION

The unemployment rate is the number of unemployed workers expressed as a percentage of a country's labour force (EAP). √√ (2)

OR

Any suitable introduction

BODY

1. The types of unemployment
 - Cyclical unemployment√
When there is a downswing in the business cycle, when the demand for labour is low√√
 - Frictional unemployment√
When somebody loses their job or chooses to leave it, they will have to look for another one.√√
 - Seasonal unemployment√
Some industries or occupations are characterised by seasonal work, which may lead to unemployment √√e.g. agricultural jobs such as picking fruit.√
 - Structural unemployment√
Occurs when the structure of an industry changes – workers lack the skills needed for the jobs that are available because the industry changed its production √√ e.g. typewriters to computers, the workers skilled to build typewriters are not trained in building computers.√
 - Residual unemployment√
Refers to people who are mentally or physically disabled to such an extent that they cannot work√√

2. Negative effects of unemployment

- Individual ✓
 - It affects the person who is unemployed – individuals may become discouraged, they lose their self-esteem and confidence. ✓✓
 - May lead to other social problems such as depression, alcoholism, drug abuse and family conflict ✓✓
 - The longer a person is unemployed the more likely they will lose their skills which impact negatively on the economy. ✓✓
- Businesses ✓
 - People who are unemployed cannot buy goods and services – this means that businesses cannot grow or employ more people, this in turn negatively affects economic growth. ✓✓
- Society ✓
 - Decrease the standard of living ✓✓
 - Creates poverty ✓✓
 - Increased crime ✓✓
 - Increased domestic violence ✓✓
- Government ✓
 - Receives less income from taxes because unemployed people do not have an income ✓✓
 - Unemployed people cannot afford health care and need unemployment benefits ✓✓
 - The government has an increased burden of transfer payment but a decreasing income from taxation. ✓✓

Max 8 for headings and examples

Max 26

ADDITIONAL PART

Public Works Programmes

- This type of programme can reduce unemployment in the short term.√√
- Usually labour intensive√√
- These people undergo training, so that they increase their capacity to earn an income√√
- Will not solve structural unemployment but does help people to learn more skills√√ (Max 6)

Unemployment insurance

- In South Africa, all people who are employed have their employers contributing towards the UIF.√√
- It insures workers against the risk of losing earnings due to unemployment as a result of termination of employment, illness or pregnancy.√√ (max 2)

Development of SMMEs

- Empowers previously disadvantaged people so that they can start and sustain a business√√
- The government stimulates growth in this sector because people who own this type of enterprise are most likely to employ people with low skills levels and train them as their businesses grow.√√ (max 2) (10)

CONCLUSION

There is no single solution to unemployment. A combination of different policies should be implemented by the government. (Any suitable conclusion) √√ (2)

[40]**TOTAL SECTION C: 40**