CHAPTER 5

ECONOMICS

The following report should be read in conjunction with the Economics question papers (1 and 2) of the November 2018 Examination.

5.1 PERFORMANCE TRENDS (2014–2018)

The number of candidates who wrote the Economics examination in 2018 decreased by 13 627 candidates compared to the number in 2017. The 2018 performance reflected further improvement on the pleasing results of 2017, with 73,3% of candidates achieving at the 30% level and 44,8% achieving at the 40% level.

Table 5.1.1: Overall Achievement Rates in Economics Papers 1 and 2

Year	No. wrote	No. achieved at 30% and above	% achieved at 30% and above	No. achieved at 40% and above	% achieved at 40% and above
2014	137 478	94 779	68,9	53 294	38,8
2015	165 642	112 922	68,2	64 780	39,1
2016	155 908	101 787	65,3	56 794	36,4
2017	128 796	91 488	71,0	55014	42,7
2018	115 169	84 395	73,3	51 609	44,8

Over the years there has been an improvement in the writing of essays, the open-ended questions that involved the application of knowledge and in the drawing of graphs. However, there are certain areas that require more attention for the results to improve in a meaningful way.
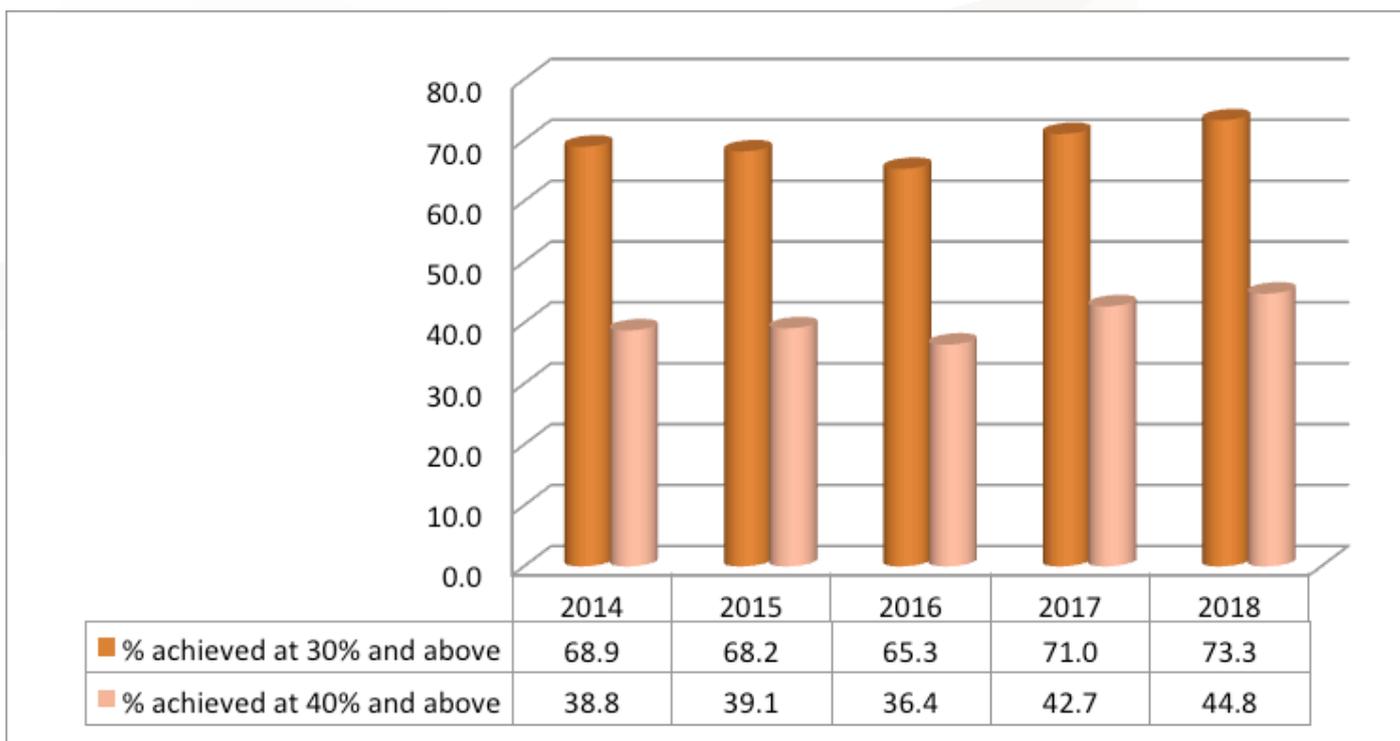
A thorough understanding of all concepts in all topics will greatly enhance performance in both papers, as they form the basis of understanding questions at the various cognitive levels. This has a direct impact on SECTION A, SECTION B where concepts are tested as definitions, and in SECTION C where concepts form part of the introduction of the essay. An excellent knowledge of economic terminology results in correct interpretation and answering of indirect questions in SECTIONS B and C. One of the challenges in achieving this is that teachers need to reinforce concepts through regular testing in class.

It is imperative that the content of all topics is covered adequately and timeously to ensure sufficient time for revision. When teachers fall behind in content coverage, they tend not to teach topics under economic pursuits and/or contemporary economic issues thoroughly. Candidates who attempt questions on these topics perform poorly in comparison to other topics. Teachers should structure assignments, projects and case studies in Grades 10 and 11 on difficult topics of Grade 12, e.g. competition and collusion, tourism, economic and social indicators, to promote acquisition of some basic knowledge when these topics are discussed in Grade 12. This is also an area in which teachers must also be supported.
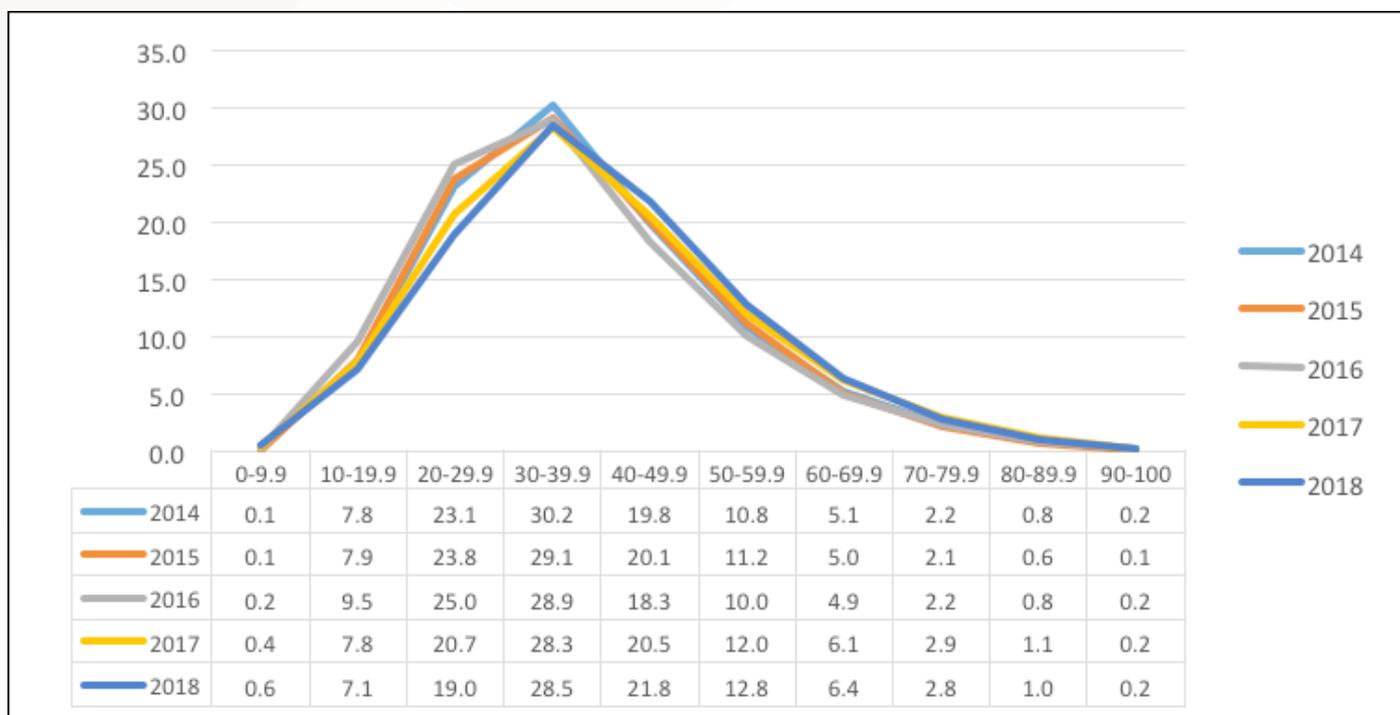
While there has been an improvement in the drawing of graphs, the technical aspects need to be reinforced, e.g. the correct shape, positioning and labelling of cost and revenue curves in the perfect and imperfect markets. Teachers need to teach graphs by drawing the cost and revenue curves step by step. As each step is done it needs to be explained. While the teacher draws it first, learners draw step by step in their workbooks. Emphasis must be placed on the average cost curve (i.e. 'smile') which must always be drawn before the marginal cost curve (i.e. 'tick'). This will ensure that the MC always intersects the AC at its minimum point. It is extremely important that teachers realise that there is an integration of topics in Grades 10 to 12. Graphs should already have been discussed in the necessary detail in Grades 10 and 11 to ensure a full understanding thereof in Grade 12.

Simple calculations and formulae need to be reinforced and assessed regularly as these skills are tested frequently in the NSC examination papers, e.g. national account aggregates, moving averages, tax burden, the multiplier, BoP, exchange rates, profit and loss, production cost, CBA, percentage changes and the inflation rate.

Graph 5.1.1 Overall Achievement Rates in Economics Papers 1 and 2 (Percentage)

	2014	2015	2016	2017	2018
% achieved at 30% and above	68.9	68.2	65.3	71.0	73.3
% achieved at 40% and above	38.8	39.1	36.4	42.7	44.8

Graph 5.1.1 Performance Distribution Curves in Economics (Percentage)

	0-9.9	10-19.9	20-29.9	30-39.9	40-49.9	50-59.9	60-69.9	70-79.9	80-89.9	90-100
2014	0.1	7.8	23.1	30.2	19.8	10.8	5.1	2.2	0.8	0.2
2015	0.1	7.9	23.8	29.1	20.1	11.2	5.0	2.1	0.6	0.1
2016	0.2	9.5	25.0	28.9	18.3	10.0	4.9	2.2	0.8	0.2
2017	0.4	7.8	20.7	28.3	20.5	12.0	6.1	2.9	1.1	0.2
2018	0.6	7.1	19.0	28.5	21.8	12.8	6.4	2.8	1.0	0.2

5.2 OVERVIEW OF LEARNER PERFORMANCE: PAPERS 1 AND 2
General Comments

a. A good understanding of tables, extracts, news articles, figures and graphs assisted with the improvement in the performance of many candidates. Candidates were able to complete each paper within the allocated time.

b. The main reasons for underperformance were the following:

* Skills: Poor language skills made it difficult for candidates to express themselves, especially in paragraph-type questions which formed a large part of the question paper. Most candidates were not able to solve problems, give their own opinions or evaluate data connected to their study material. Candidates also lacked basic knowledge of the general economic issues of the day.

* Content coverage: It is evident from the poor performance of many candidates that their teachers did not cover some of the topics. Basic economic concepts/terminology seemed to be lacking among many candidates and there was a lack of knowledge on current economic topics. For example:

  - Paper 1: Q2.2.5: What can the South African Reserve Bank do to strengthen the value of the rand against the dollar? Q3.2.3: What positive impact will globalisation have on the North-South divide?

  - Paper 2: Q6: Evaluate the success of indigenous knowledge systems in promoting tourism in South Africa. Q4.3.5: How will conservation benefit the people living near the rhino habitat?

* Exposure to different types of questions: Skilled learners can write essays and paragraphs and offer their opinions with confidence. These learners can focus on the information that is relevant to the answering of each question. Teachers play a crucial role in the moulding of their learners to deal with a variety of questions with different cognitive verbs, such as why, how and what and the unlocking of knowledge in a variety of ways. A variety of higher-order thinking skills should be developed in the context of the subject content being taught. Learners should be challenged to solve everyday problems experienced in their own communities. For example:

  - Paper 1. Q3.5: Evaluate the potential success of special economic zones in South Africa. Q4.5: How can developing countries ensure the survival of labour intensive industries in a global economy?

  - Paper 2. Q2.5: Evaluate the impact of collusion on the economy.Q4.5: How can South Afri can households contribute to a lower inflation rate?

* Language ability: Although language deficiency is still a drawback for many second-language candidates, many centres in deep rural areas have excellent results compared to others experiencing similar circumstances. Teaching should take place in such a way that learners understand the content.

General Suggestions for Improvement

Teachers are advised to build the following practices into the work plan for the year:

a. **Use of past NSC and *CAPS* exemplar papers:** In preparation for the 2019 year-end papers, all learners should use past papers selectively for the final examinations (2015–2018) and supplementary examinations (2016–2019) for clear guidance. Teachers should build their own confidence in their ability to deal with each topic in the classroom situation and to assist learners through their teaching. Furthermore, teachers should use the 2017 examination guidelines as support material when it comes to the scope and depth of content and how to assess learners' understanding of the specific content matter. In cases where old question papers are used for teaching and learning, these should be *CAPS* compliant and aligned to the changes made in the 2017 examination guidelines. Using previous marking guidelines is good as a revision tool but not as a teaching tool. Interpretation of questions is critical. Content should be assessed in line with the examination guidelines continually.

b. **Basic concepts:** Teachers should ensure that learners understand basic concepts and terminology before engaging in their applications. More time should be spent on improving the reading skills of second-language learners. Learners' understanding of terminology should be assessed on a continuous basis. *Mind the Gap* explains all relevant concepts in detail. A quiz bowl, crosswords or team challenges may be interesting tools to assess knowledge of economic concepts. Classwork or homework on definitions will ensure that learners stay familiar with these basic concepts.

c. **Requirements of questions:** Teachers should ensure that learners understand the requirements of common questions in future NSC examination papers. For example, if a question requires the drawing or analysis of a well-labelled graph, this must be done to earn the relevant marks for example:

  * Paper 1 (related to the Laffer curve): What effect will a decrease in the tax rate from 65% to 45% have on tax revenue?

  * Paper 2: With the aid of a well-labelled graph (cost and revenue curves), explain the shut-down point for the individual firm in a perfect market./With the aid of graphs, briefly explain how price is determined for an individual producer in a perfect market.

Teachers should familiarise their learners with the new phrasing of questions, e.g. the *what*, *why* and *how* type of higher-order questions. Learners should be guided by the mark allocation in terms of the depth of the answer required. With regard to higher-order questions (especially Q2.5, Q3.5, Q4.5 and the additional part of the essay questions), a candidate needs to read the question carefully and highlight the key issues required. Reading the question again will ensure greater accuracy in the candidates' response. Responses need to be formulated and the question should be checked again constantly to ensure the response logically suits it. It is not wise to respond immediately after the initial reading of the question. Time must be taken to understand the question clearly, for example:

  * Paper 1: Most candidates struggled to answer the more indirect way of questioning in the data base questions and expected answers to appear in the data given.

  * Paper 2: Candidates had to discuss the success of the competition policy in South Africa, but instead de scribed the aims of the competition policy.

d. **Comments and explanations:** Teachers should equip learners with the relevant skills needed to express themselves clearly where comments or explanations are required. Learners need guidance on how to express the opinions that are relevant to the context. Refer to the examination guidelines where typical higher-order questions are provided, e.g.:

  * Paper 1: Evaluate South Africa's trade policy of import substitution.

  * Paper 2: How effective are the South African government's interventions with regard to environmental sustain ability?

e. **The importance of formative testing:** Teachers should build the confidence of learners through the use of short informal formative tests and tasks. Small formative assessment tasks should be used to ascertain whether candidates are able to apply their knowledge, placing emphasis on their own opinion and understanding. This will force learners to take ownership of the learning process (refer to the examination guidelines: Use a diagram and discuss the cycle length, amplitude and the trend line as features underpinning forecasting).
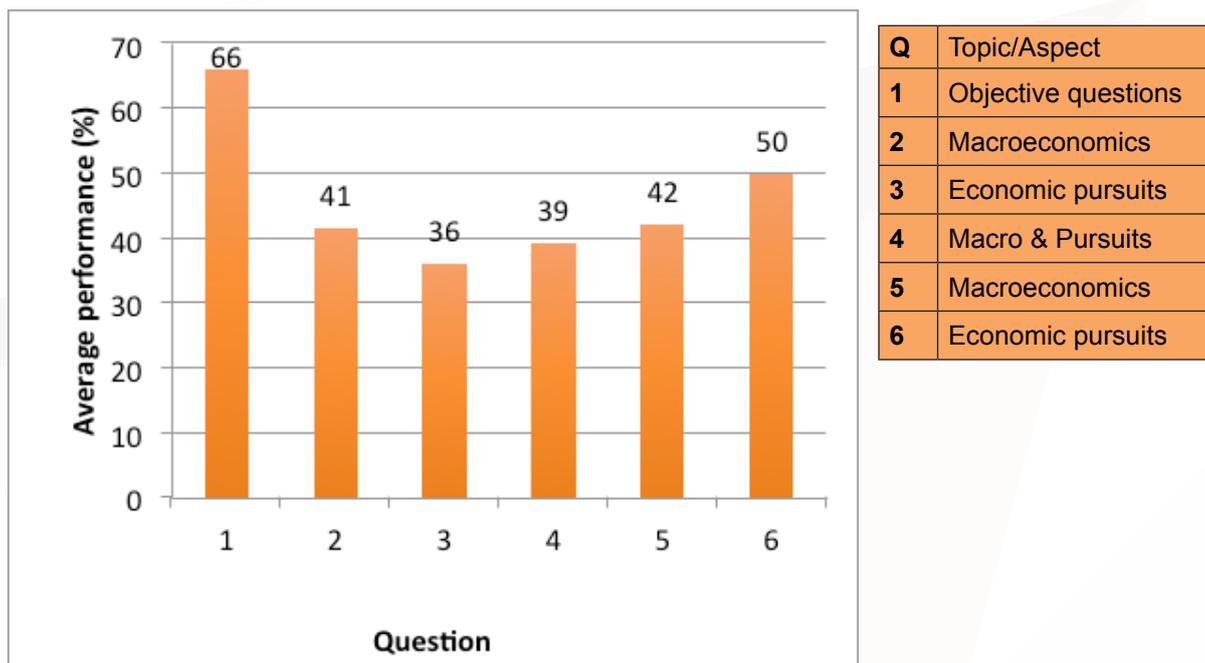
f. The structure of the paper:

* **SECTIONS A AND B:** The demands of these sections should be explained to learners to enable them to organise their answers properly. Leaving lines between subsections, using the correct numbering system and not omitting question numbers are examples of issues that make assessment more effective.

* **SECTION C (Essay):** Teachers must stress the importance of the layout of the essay, i.e. introduction, body (main and additional part) and a conclusion. There should be a clear distinction between the various aspects with line spacing between them. Using subheadings is crucial as this earns marks and provides structure to the response. Learners should structure the essay according to the outline provided in the question paper.

* Learners must be made aware that no marks will be earned if any part of the introduction or body is included in the conclusion. It should include the learner's own opinion, an alternative viewpoint, and any fact to support the body or a summary of the discussion.

* Teachers must allow learners the opportunity to practise the answering of essay questions. When a topic or chapter is finished, an essay question should be given as a test or homework. If given as homework, the essay can be assessed in terms of the following important aspects (detailed assessment is not necessary):

  - Relevant introduction

  - Subheadings in the main part

  - The appropriateness of the additional part

  - Relevant conclusion

* Teachers are advised to use a variety of textbooks to prepare notes that supplement material available to learners.
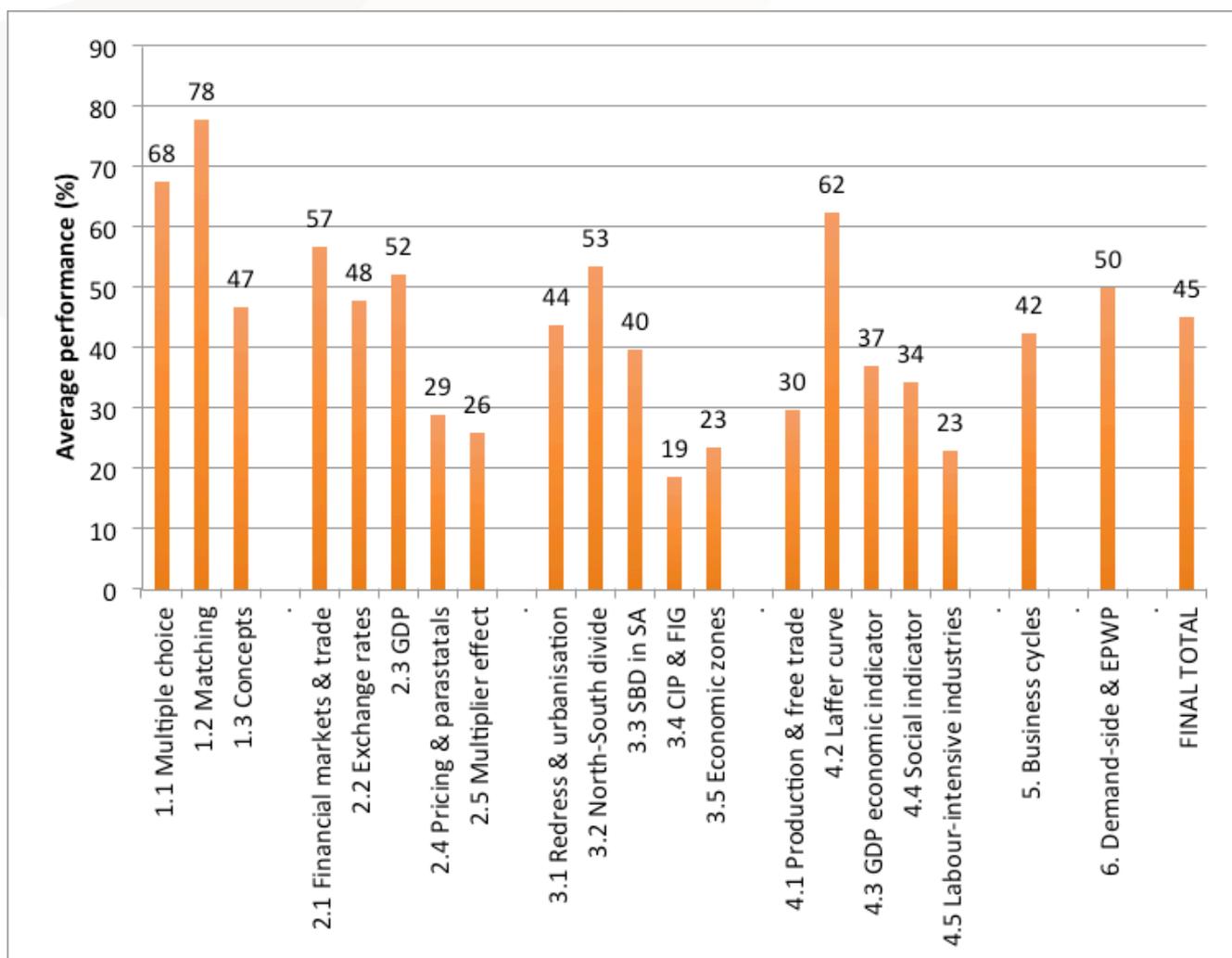
5.3 DIAGNOSTIC QUESTION ANALYSIS OF PAPER 1

The following graph is based on data from a random sample of candidates. While this graph may not reflect national averages accurately, it is useful to assess the relative degrees of challenge of each question as experienced by candidates.

The average performance in Q3 was disappointing and reflected a decline from that of 2017. The performance in Q6 improved significantly, while that of the other questions improved slightly or remained consistent with that of 2017.

Figure 5.3.1 Average Marks per Question Expressed as a Percentage

Q	Topic/Aspect
1	Objective questions
2	Macroeconomics
3	Economic pursuits
4	Macro & Pursuits
5	Macroeconomics
6	Economic pursuits

Figure 5.3.2 Average Marks per Subquestion Expressed as a Percentage

5.4 ANALYSIS OF LEARNER PERFORMANCE IN EACH QUESTION IN PAPER 1

QUESTION 1: MACROECONOMICS AND ECONOMIC PURSUITS

Most candidates performed well in Q1. The performance of learners ranged from excellent to poor. Some candidates attained full marks and others did not even attempt to answer some of the questions. This question was compulsory.

Common Errors and Misconceptions

a. In Q1.2, candidates had to match an Economics term with given statements. In some cases they left out certain answers by mistake or changed their original answers without cancelling the first one. Generally, a lack of content knowledge impaired candidates' performance. Candidates could not match the correct answers for *System of National Accounts* and *production price index*. Poor performances were recorded for Q1.2.2, and Q1.2.8.

b. In Q1.3, candidates had to give an Economics term for a given statement but they provided an abbreviation instead. Overall the performance was very poor and the marking guidelines accepted only the correct answer with no abbreviations or examples. When candidates provided more than one answer they were subsequently awarded no marks.

c. In Q1.3.5, candidates confused repo rate and interest rates and Q1.3.2 was a good example of typical answers from candidates reflecting broad knowledge, not in-depth knowledge, of the subject matter. In Q1.3.4, candidates did not know the difference between economic growth and economic development.

Suggestions for Improvement

a. Q1 assesses both *Macroeconomics* and *Economic Pursuits.* Candidates' performance in this question gives a clear indication of their subject knowledge. It is imperative that learners first attempt to determine the correct answer to a multiple-choice question before considering the given options. Furthermore, the format of SECTION A should be explained to learners to enable them to organise their answers correctly. In light of this, candidates need to follow instructions such as answering Q1 in the answer book and leaving lines between subsections, using the correct numbering system, and not omitting question numbers. This will facilitate the marking of scripts. The confidence of learners should be built by spending more time on the understanding of economic terminology, definitions and concepts to ensure expanded knowledge over the broad spectrum of the subject.

b. Teachers should expose learners to basic economic concepts through short formative tests on basic concepts. Candidates should answer all items in Q1.1 and Q1.2 where the options are provided. Learners should also concentrate on more detailed preparation in respect of concepts and terminology to ensure that they attain higher marks for Q1.3. Teachers should start lessons by testing the previous day's concepts.

c. Although multiple-choice questions provide possible answers, they require full content knowledge. Constant revision of terminology is strongly advised.

d. Difficult topics should be the centre of discussions, e.g. graphs reflecting movement on foreign exchange markets and different strategies and policies.

QUESTION 2: MACROECONOMICS

Common Errors and Misconceptions

a. Candidates could not name two financial markets in the circular flow model in Q2.1.1 and wrote on different types of markets found in Microeconomics instead. In Q2.1.2, candidates responded by giving one-word answers such as positive or negative instead of answering the question in a full sentence.

b. Many candidates could not find the answers to Q2.2.1 and Q2.2.2 in the graph due to the indirect manner in which it was presented.

c. In Q2.2.5, candidates were not able to explain what the South African Reserve Bank could do to strengthen the value of the rand against the dollar.

d. Candidates performed poorly in Q2.3.5 where they were expected to calculate the gross domestic product at market prices. Many candidates were awarded no marks because they just copied the data given in the question paper.

e. Candidates failed to show how the multiplier effect could influence the government to create more jobs (see Q2.5).

Suggestions for Improvement

a. It is extremely important that learners should be prepared on the whole syllabus and not only parts thereof. Knowledge of the *latest* statistical data made available from the SARB (on national account aggregates) and Stats SA, should be studied in detail to ensure that learners know exactly how to prepare themselves thoroughly for the final examination. Candidates should be able to use the information provided to answer questions appropriately (see Q2.3.5 for the calculation of the gross domestic product at market prices). Teachers should provide learners with additional notes on the financial account of the balance of payments (BoP).

b. There is a clear shift towards the candidate's own opinion, interpretation and problem-solving skills as part of data response questions (Q2.2.4, Q2.2.5 and Q2.3.4). A variety of cartoons, extracts from newspapers and magazines and graphs/tables should be discussed in class. Learners should be exposed to current economic issues and they should be guided in their answers. Learners should be encouraged and taught how to apply and contextualise their theoretical knowledge, general observation and critical thinking in real-life economic situations, e.g. the reaction of the value of the South African rand to an increase in the demand for US$.

c. Learners should be exposed to advanced paragraph-type questions (see Q2.5) and guided on how to use the calculated figures and apply them in the creation of more jobs by government. The importance of a detailed analysis of graphs and its influence on the foreign exchange market must be clearly explained during the teaching and learning process (see Q2.2.1 to Q2.2.5). Small formative assessment tasks should be used to ascertain whether candidates are able to apply their knowledge, place emphasis on their own opinions and understanding.

d. Candidates should read questions carefully to determine what is expected from them. For example, in Q2.5 candidates ignored the second part of the question.

QUESTION 3: ECONOMIC PURSUITS

Common Errors and Misconceptions

a. Many candidates misinterpreted the data-response questions. Most questions demanded thorough reading and interpretation. Candidates found opinion-based questions challenging. They could not name the redress policies (Q3.1.1) and mentioned any policy, strategy or initiative. Language still seems to be a barrier and candidates lose marks due to poor command of the language and not explaining concepts fully. Many responses are mainly generic and completely void of economics.

b. In Q3.2.5, weaker candidates could not explain the impact of globalisation on the North-South divide and failed to associate content learnt and its contextualisation. This indicated a lack of general knowledge and interpretation skills, which was also evident in Q3.3.1, Q3.3.2, Q3.3.4 and Q3.3.5.

c. It could be assumed that current economic issues are not discussed in many classes. Candidates' responses were too generic and lacked factual knowledge (see Q3.4). Candidates could not briefly discuss the impact of the *Critical Infrastructure Programme and Foreign Investment Grant on industrial development in South Africa*.

d. In Q3.5, candidates were unable to evaluate the potential success of special economic zones in South Africa in sufficient detail to earn marks and gave generic information.

Suggestions for Improvement

a. The main problem seems to be a lack of applying factual knowledge to solve typical day-to-day problems experienced in economies worldwide. The reason might be an insufficient variety of classroom assessment forms.

b. Formative tests should be used to ensure that learners understand and are able to define what is meant by *basic prices, North-South divide, an economically active population*, *globalisation* and the impact of small business development on the economy.

c. Additional learning material should be given to learners during the academic year. Data provided in data-response questions should be read thoroughly before candidates attempt to answer any questions. A general complaint is that candidates do not know whether the answer appears in the extract or whether they should give their own opinions. If candidates had studied the extracts in Q3.2 and Q3.3, they would have been able to find possible answers to Q3.2.1, Q3.2.2, Q3.3.1 and Q3.3.2.

d. More case-study questions should be discussed in class and given as homework activities. Debates and presentations of certain topics should be conducted regularly. Teachers ought to include the why, which, how, when, whom types of questions to teach learners to think beyond typical textbook knowledge.

e. In Q3.5, most candidates merely listed the benefits of *Special Economic Zones*, without evaluating the success thereof. Deeper thinking skills should be developed during teaching and learning, encouraging learners to ask why and how something can be achieved.

QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS

Common Errors and Misconceptions

a. Most candidates performed poorly in Q4.1.1 where they listed any indicator instead of production indicators. Some candidates gave generic information and could not apply their knowledge about why developed countries favour the idea of free trade(see Q4.1.2).

b. In Q4.2.5, many candidates could not determine what consequences a 1% VAT increase could have on the different role players in the South African economy.

c. Most candidates could not answer the database questions, Q4.3.1 to Q4.3.5, correctly. Interpretation of data seems to be a major stumbling block for learners. Learners lack insight into current economic affairs and questions on issues concerning everyday life (see Q4.3.3 and Q4.3.5).

d. The responses to Q4.4 were poor mainly because candidates showed a general lack of content knowledge on *health as a social indicator*. This middle-order question was cited in the examination guidelines of 2017 as part of a possible essay.

e. In Q4.5, most candidates struggled to apply their knowledge on how developing countries could ensure the survival of labour-intensive industries in a global economy. They focused mainly on labour intensive industries, but their answers lacked context.

Suggestions for improvement

a. Teachers should use a variety of resource materials to prepare learners adequately for the examinations. Current economic issues should be used as examples to illustrate the subject in context. Economics in the classroom should be linked to economics in real life by exposing learners to actual data, graphs and statistics. Teachers should ensure that learners know what is expected of them when a command verb (e.g. argue, analyse, differentiate) is part of a question. Learners lack insight into current economic affairs and should be guided to answer questions on issues concerning everyday life. Learners should rely on application of knowledge in answering the two 1-mark questions as part of the data base questions (see Q4.3.1 and Q4.3.2).

b. Learners should be prepared to select questions from both SECTION B and SECTION C. It happens too often that all of the questions in SECTION B are answered. Instructions need to be explained to learners.

c. Learners need to be prepared to answer higher-order questions. Teachers should ensure that learners know what is expected of them, based on the depth of knowledge explained in the examination guidelines of 2017.

QUESTION 5:   MACROECONOMICS

Common Errors and Misconceptions

Most candidates provided detailed discussions on the indicators, despite this being excluded from the question. They also listed the other features underpinning the forecasting of business cycles in broad terms. The additional part of the essay, where candidates had to present methods to ensure price stability to prevent extreme fluctuations in business cycles was not dealt with in sufficient detail.

Suggestions for improvement

a. It is important that subject advisors supplement content on this topic through teacher development workshops.

b. Teachers are urged to use the 2017 examination guidelines which clearly indicate all possible essay questions for the next three years. These essays should be prepared in advance to ensure excellent marks in the introduction and main parts of the essays.

c. Teachers should encourage learners to read questions carefully before they respond in writing.

d. Teachers should expose learners to numerous question papers to enable wider awareness of different types of questioning. Learners should be exposed to questions on all levels of difficulty during class activities, tests and internal examinations.

e. Over and above literal reading of texts, learners need to be guided on how to read between the lines, infer and evaluate texts, and use their own words to express their views.

QUESTION 6: ECONOMIC PURSUITS

Common errors and misconceptions

a. Many candidates discussed the demand-side approach in promoting economic growth as part of the smoothing of cycles (Business Cycles under Macroeconomics) and added the supply-side approach and economic paradigm.

b. The additional part, which demanded higher cognitive thinking skills, was poorly answered by most candidates and referred only to the definition of the EPWP.
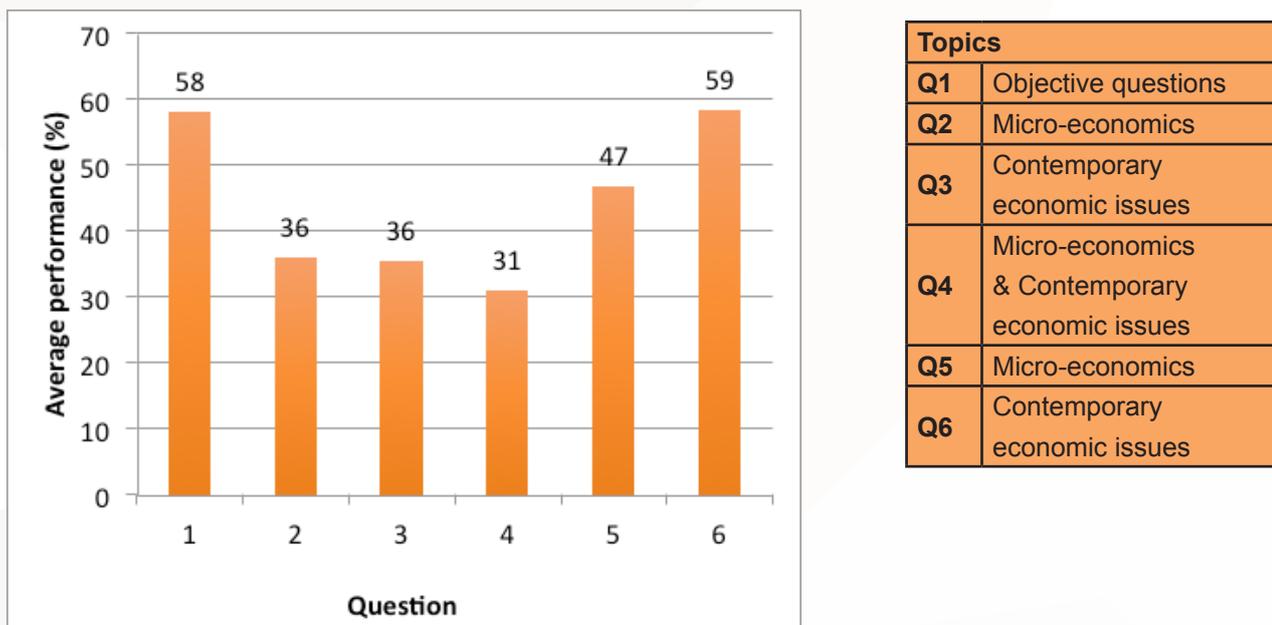
Suggestions for Improvement

a. Teaching on these topics should be done holistically. Learners should be guided to discuss each fact in detail. This will ensure that they do not omit any crucial aspect of the answer. Focus should be on areas that can cause confusion.

b. Basic content should not only be covered, but should also be linked to the creativity of learners in the practical implementation of each topic. Case studies and class discussions can be used gainfully in this regard. Candidates need to improve their evaluation skills. Knowledge about recent developments can assist in making the module more interesting.

c. Formative tests should be used to ensure that learners are able to understand and discuss all relevant topics. All content for the year should be taught well in advance to ensure enough time for revision. Learners should keep abreast of current news pertinent to aspects of Economics and regularly discuss this in class.

5.5 DIAGNOSTIC QUESTION ANALYSIS OF PAPER 2

The following graph was based on data from a random sample of candidates. While this graph might not accurately reflect national averages, it is useful in assessing the relative degrees of challenge of each question as experienced by candidates.

The performance in SECTION A remains the same as that in 2017. In SECTION B, candidates generally performed poorly in Q2 and Q4, while a slight improvement was noted in Q3. An improvement was noted in SECTION C when compared to 2017. Q6, which was based on Contemporary Economic Issues, showed a great improvement in performance.

Figure 5.5.1 Average Marks per Question Expressed as a Percentage

Topics	
Q1	Objective questions
Q2	Micro-economics
Q3	Contemporary economic issues
Q4	Micro-economics & Contemporary economic issues
Q5	Micro-economics
Q6	Contemporary economic issues

Figure 5.5.2 Average Marks per Subquestion Expressed as a Percentage
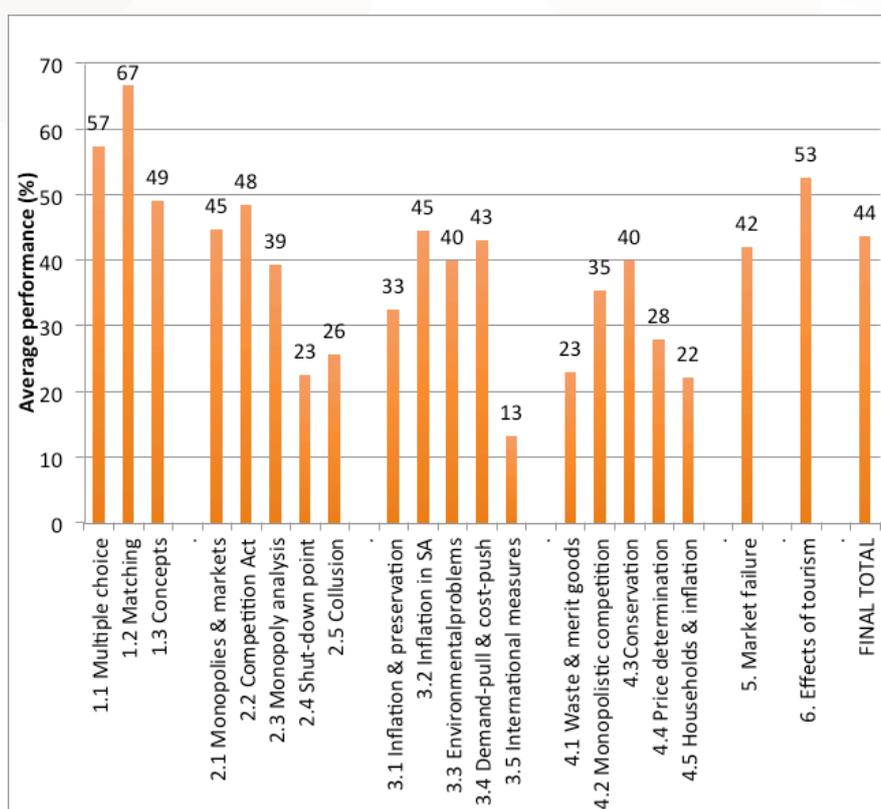
5.6 ANALYSIS OF LEARNER PERFORMANCE IN EACH QUESTION IN PAPER 2

QUESTION 1: MICRO-ECONOMICS AND CONTEMPORARY ECONOMIC ISSUES

Common Errors and Misconceptions

a. This section was answered well. Economic concepts were properly understood by most learners as they managed to obtain maximum marks. This shows a great improvement in the understanding of the concepts included in Q1.3 which were generally done poorly in previous examinations.

b. In Q1.1, candidates omitted answers which then resulted in incorrect numbering. In some cases more than one answer was provided.

c. Candidates performed poorly in questions related to micro-economics. In Q1.1.1, candidates failed to differentiate between average and marginal costs. In Q1.1.3, they could not provide the nature of the product traded in pure oligopoly. In Q1.1.8, candidates failed to differentiate between marketable and taxable permits.

d. In Q1.2.2, candidates confused explicit costs with total revenue greater than total costs as a matching item.

e. Most candidates could not answer Q1.3.3 as they confused marginal revenue with marginal cost. It is evident that they did not know the difference between revenue and costs. In Q1.3.5, cultural tourism was confused with ecotourism. In Q1.3.6, renewable resources were confused with reusable and recycling.

Suggestions for Improvement

a. In Q1.1, learners should write down only the letter (A, B, C or D) of their choice next to the question number. If they prefer to write the answer out in full, they should not omit any part of the response. It is imperative that learners first attempt to determine the correct answer to multiple-choice questions before considering the given options. Candidates must be made aware that no marks will be awarded when they provide more than one answer to a short question. It is important that candidates cancel an incorrect answer in Q1.1 and Q1.2 and write the correct one next to it, instead of writing over the incorrect answer.

b. Definitions and concepts should be emphasised. Using a glossary should form the basis of teaching and learning in Economics.

c. Revision by means of short, regular formative tests on basic concepts is advised. Learners should be encouraged to make a list of the key concepts of each topic especially in Micro-economics.

QUESTION 2: MICRO-ECONOMICS

Common Errors and Misconceptions

a. This question was generally answered poorly, with the interpretation of the graph being a particular challenge.

b. In Q2.2, the majority of candidates misinterpreted the role of the Competition Appeal Court and instead explained the aim of the Competition Policy generally. In Q2.2.5, many candidates referred to the aims instead of discussing the successes of the competition policy.

c. In Q2.3.1, many candidates could not indicate the selling price of the monopoly. In Q2.3.2, many candidates indicated 'e' or 'a' as the loss minimising point. It was clear that learners were not familiar with the term 'loss minimising point'. Many candidates could not answer Q2.3.4. Candidates referred to definition and characteristics of the monopolist instead of the equilibrium position. Many candidates could answer Q2.3.5 but did not give the minus sign to indicate a loss (i.e. –R5 000). There was confusion in the application of the formula, i.e. TR–TC = profit.

d.   Q2.4 was poorly answered. Many candidates drew the graph indicated in Q2.3 and thought that they could derive the shut-down point from this graph. The question, however, was based on an individual firm in a perfect market. Another common error in the graph was the drawing of the MC curve in relation to the AC curve. The graph did not show the MC curve intersecting the AC curve at its minimum point. This would tend to distort the interpretation of the graph.

e.   Candidates misinterpreted Q2.5 and discussed collusion in general. Many candidates also referred to the different types of collusion and did not focus on the evaluation of the impact of collusion on the economy.

Suggestions for Improvement

a.   Teachers should teach the Competition Act in detail and must emphasise the role of the different institutions in regulating competition. Investigations by the Competition Commission into anti-competitive behaviour by firms should be discussed. This can be researched by learners as a task and discussed in the class to expose to different examples.

b.   Learners must be exposed to more evaluation-type questions and emphasis must be placed on the requirements of the cognitive verb, i.e. the positive and negative aspects.

c.   When interpreting the graph, the 'loss minimising point' seemed to confuse learners. When teaching the graphs on perfect and imperfect markets, learners should focus on the equilibrium position (point) of the firm (i.e. where MR=MC). Teachers must emphasise that this point will determine the profit or loss position of a firm. This point can be regarded as the profit maximising point in the case of economic profit, a break-even point in the case of normal profit, and a loss minimising point in the case of an economic loss. It would be misleading to learners to generalise MC=MR as the profit maximising point only.

d.   Learners need to be careful of how they present their final calculations. A figure showing a loss must be accompanied by a negative sign. If it appears without the negative sign, then the word 'loss' should accompany the figure. Teachers should expose learners to the two methods of calculating profit or loss.

e.   Teachers should focus consistently on the content and graphs in micro-economics from Grade 10 to Grade 12 to reinforce the various concepts covered. Teachers must emphasise the different cost and revenue curves under the various market structures and the purpose and shape of the curves. Regular practice in the drawing of this, sets a sound foundation for the drawing of the various equilibrium positions encountered in Grade 12.

f.   Teachers should explain to learners that graphs are middle-level type of questioning (i.e. application), which will be part of Q2.4, Q3.4 and Q4.4 of Microeconomics.

g.   The graphical representation of the short-run and long-run equilibrium position in perfect markets and imperfect markets must be emphasised. Learners need to understand why the difference exits in the positioning of the curves.

h.   Class and homework exercises should be used productively to provide practice in drawing graphs. In addition, a formal or informal spot test on the drawing of graphs could be conducted to improve understanding.

i.   Teachers need to focus on the application of knowledge in their assessment tasks. Learners should not merely recall information but should be able to apply critical thinking skills.

j.   Learners need to be aware of the specific requirements of a higher-order question. In addition teachers need to assess higher-order questions appropriately, so that learners clearly understand the mark allocation. Mere listing of facts without an explanation in context will earn only 2 marks.

QUESTION 3: CONTEMPORARY ECONOMIC ISSUES

Common Errors and Misconceptions

a. In Q3.1.2, most candidates confused preservation, conservation and environmental sustainability.

b. Q3.2.5 was poorly answered. Some candidates seemed to argue that price stability would lead to low inflation, while the question already implied that the inflation was low. Some candidates merely used the question in their answers, while others used clichéd words, such as economic growth, job creation and low prices, without substantiating their answers.

c. In Q3.3.5, candidates provided other public-sector measures to sustainable development rather than focusing on environmental subsidies. Many failed to supply practical examples and incorrectly referred to subsidies given to producers as the means to lower the cost of production in general.

d. Q3.5 was poorly answered with most candidates providing irrelevant responses. They also could not analyse and reason out the failure of international measures to reduce the effect of climate change.

Suggestions for Improvement

a. The teaching of contemporary economic issues is imperative and basic concepts need to be emphasised.

b. Learners must be exposed to more data-response questions (i.e. 4-mark questions) that require application skills. The understanding of key concepts is necessary to interpret the questions. Such questions should be discussed in class with emphasis on the relevant data to address the requirements of the question. Logical reasoning would enable the learner to earn marks especially if they understand the question.

c. When teaching Economics a crucial element of teaching is to get learners to think laterally about the topic. Teachers must relate the different topics to the real world, where possible, to help learners prepare for higher-order questions. Learners must practice evaluating, assessing or critiquing issues or topics whenever possible.

d. Topics such as inflation, tourism and environmental sustainability would readily relate to topical newspaper articles and statistics. Teachers are encouraged to make reference to this data in their teaching. Data-response questions should not merely require learners to copy answers from the given data. Learners should be able to apply the data in the appropriate context.

QUESTION 4: MICRO-ECONOMIC/CONTEMPORARY ECONOMIC ISSUES

Common Errors and Misconceptions

a. In Q4.1.1, learners failed to give correct examples of hazardous waste. Responses included litter and paper.

b. In Q4.1.2, candidates described merit goods or compared them to demerit goods.

c. Responses to Q4.2.5 included economic profit disappearing due to an increase in costs and explanation of the characteristics of a monopolistic competitor. Some candidates incorrectly assumed that if economic profit disappears in the long run, a loss will result.

d. In Q4.3, some candidates did not understand what rhino poaching is and could not determine the reason for rhino poaching. In Q4.3.3, many candidates provided similar responses by confusing the concept of biodiversity with preservation, conservation and environmental sustainability. Most learners appeared to be confused by Q4.3.5 and presented responses that were vague and did not relate the benefit of households.

e. In Q4.4, many candidates failed to draw the correct graph and labelling was also incorrect. Many candidates included cost curves which were also incorrectly labelled. In most cases only one graph was drawn, usually for the individual firm. Some even inappropriately copied the graph from Q2.3. Candidates who drew the graphs correctly often failed to explain how price was determined for the individual producer.

f. In Q4.5, candidates lost marks because they listed facts without explaining in full sentences. Most did not elaborate or substantiate how households contribute to a lower inflation rate. Responses often related to what the authorities can do to lower the repo rate.

Suggestions for Improvement

a. Teachers must discuss concepts thoroughly by giving examples where possible. This improves the understanding of the topic. Concepts should be related to the real world for learners to appreciate and understand the topic. For example, in teaching the concept 'conservation', a link must be drawn as to how this is done in the real world, and particularly in South Africa.

b. Teachers must continuously assess the drawing and interpretation of graphs via data-response questions in order to improve understanding and performance of these challenging aspects of Micro-economics.

c. Higher-order questions should be discussed with learners in terms of the interpretation and expectations of a question. The marking of these responses in a class test or homework exercise must correspond with the expected response. This will enable learners to gain skills in answering such questions appropriately.

QUESTION 5: MICRO-ECONOMICS

In general, the level of performance in response to the question was poor to satisfactory. This particular essay was not popular as learners continually avoid essays incorporating graphs.

Common Errors and Misconceptions

a. There were many instances where the introduction was vague or had little relevance to the specific topic. In the main part candidates did not present their answers in terms of the structure expected.

b. Candidates did not correctly draw and label the demand and supply curves and were unable to distinguish between demand and supply which is a basic Grade 10 skill. There was a lack of reference points, e.g. maximum price and not indicating the new quantity demanded and supplied.

c. Many candidates could not draw producer subsidies, maximum prices and minimum wages graphs accurately. The curves were labelled incorrectly which resulted in incorrect explanations.

d. In the additional part many candidates could not interpret and explain the negative externality graph. They focused on the explanation of negative externalities in general.

e. Although guided in the question paper as to what a conclusion should entail, the writing of a relevant conclusion is challenge for most candidates.

Suggestions for Improvement

a. Teachers must test learners regularly on essay questions by focusing more on the structure.

b. Teachers are encouraged to get learners to practice the drawing of graphs and to assess their own accuracy in the labelling of curves.

c. As practice, learners should be given graphs depicting the various concepts or equilibrium positions and be required to provide the explanation for the graph. This could be done as a specific task to improve their ability to interpret graphs. Learners must be reminded that for the minimum wages graph, the vertical axis should be wages and not price, while the horizontal axis represents labour and not quantity.

d. Subject advisers/Cluster leaders must provide adequate support and materials that would help teachers to deal with challenging topics such as graphs.

e. Teachers must ensure that learners are able to interpret questions correctly to avoid irrelevant information in their responses. Teachers are encouraged to expose learners to different questions on the same topic and guide them on the interpretation of questions. In this regard, learners should practice how to structure responses to questions based on key issues.

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES

In general, the level of performance in response to the question was satisfactory to good. This essay was very popular.

Common Errors and Misconceptions

a. Many candidates used outdated, incorrect or misinterpreted statistics and confused the benefits of tourism with the effects of tourism.

b. Candidates often failed to explain facts in more detail and were awarded only 8 marks for listing and examples.

c. In the additional part most candidates did not understand the question and only gave examples of heritage sites and tourist attraction areas.

Suggestions for improvement

a. All content should be completed timeously so that there is time for revision. There is a tendency for teachers to rush through the last few modules and not to spend as much time on contemporary economic topics. Teachers need to plan properly so that each topic is given adequate attention.

b. In the conclusion, learners should be taught how to structure a response in support of or against the facts mentioned in the main part.

c. Basic content should not only be covered, but also linked to the creativity of learners in the practical application of each topic.