

# Chapter 5

## ECONOMICS

The following report should be read in conjunction with the Economics question papers 1 and 2 of the November 2019 Examinations.

### 5.1 PERFORMANCE TRENDS (2015–2019)

The number of candidates who wrote the Economics examination in 2019 decreased by 7 229 candidates in comparison to the number in 2018. The 2019 performance reflected a decrease in comparison to performance in 2018 with 69,3% of candidates achieving at the 30% level and 39,9% achieving at the 40% level.

**Table 5.1.1: Overall Achievement Rates in Economics**

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
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	55 014	42,7
2018	115 169	84 395	73,3	51 609	44,8
2019	107 940	74 796	69,3	43 054	39,9

Over the years there has been an improvement in the writing of essays, but the 8-mark higher-order questions and the drawing of graphs still present a challenge to learners. However, there are certain areas that require more attention for the results to improve in a meaningful and sustainable way.

A thorough understanding of concepts in all topics will greatly enhance performance in both papers, as they form the basis of understanding questions addressing the various cognitive levels. This has a direct impact on Section A, Section B where concepts are tested as definitions and Section C where concepts form part of the introduction for the essay. An excellent knowledge of economic terminology results in correct interpretation and answering of indirect questions in Section B and C. One of the challenges in achieving this is that teachers need to reinforce concepts through regular assessment in class.

It is imperative that the content of all topics is covered adequately and timeously to ensure sufficient opportunity for revision. When teachers fall behind in content coverage, topics under Economic Pursuits and/or Contemporary Economic Issues tend not to be taught thoroughly. Candidates who attempt questions on such topics perform poorly in comparison to other topics. Teachers should structure assignments, projects and case

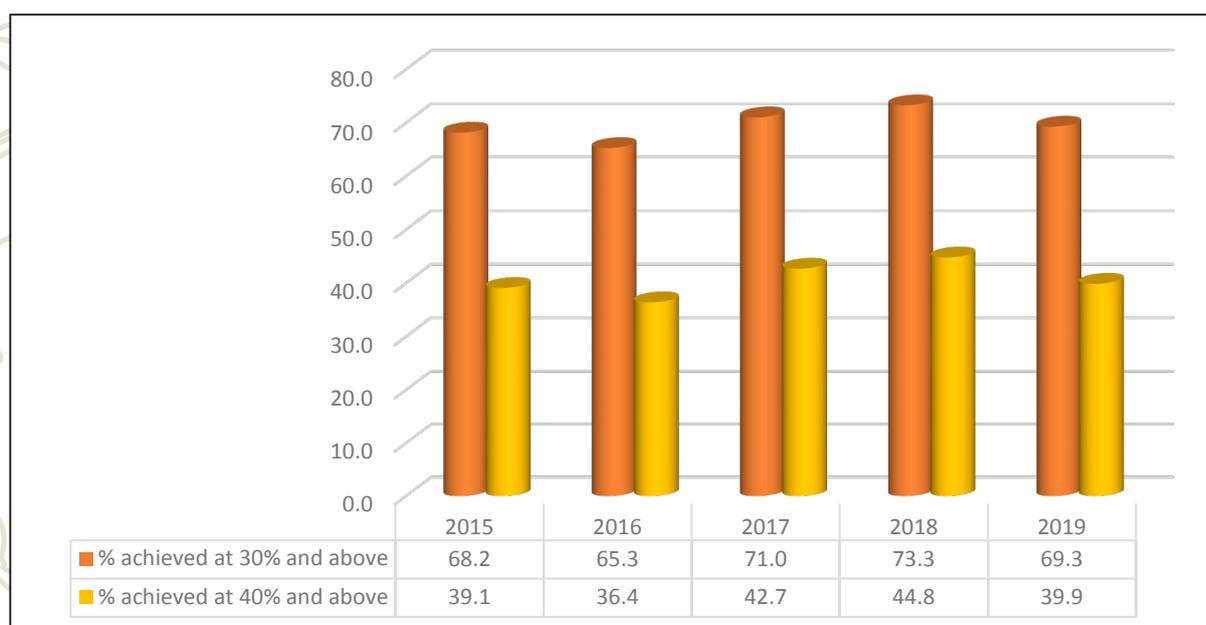
studies in Grades 10 and 11 on the challenging topics of Grade 12, e.g. competition and collusion, economic and social indicators, to promote acquisition of some basic knowledge when these topics are discussed in Grade 12. This is also an area in which teachers must be supported by subject advisors.

In Grade 10 and Grade 11 learners' knowledge should be extended where possible on topics/content so that a strong foundation is set to cope with the demands of the Grade 12 curriculum. In Grade 10 topics such as the Circular Flow, Budget, Government Intervention, Business Cycles, Quantitative Elements and Grade 11 topics such as Calculation of GDP, Market Structures, Cost and Revenue Curves, Income Inequalities, Indicators, North/South Divide, Globalisation and Environmental Sustainability have strong links to the Grade 12 topics and should be emphasised.

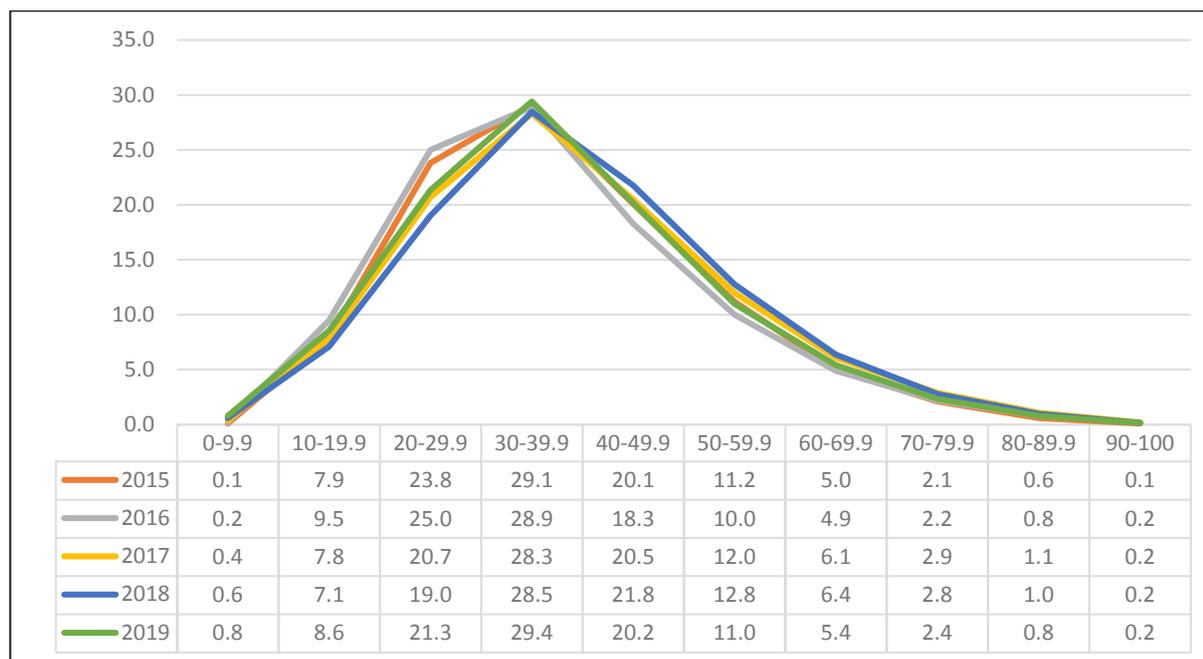
While there has been an improvement in the drawing of graphs, the technical aspects need to be reinforced, e.g. the correct shape, positioning and labelling of cost and revenue curves in the perfect and imperfect markets. Teachers need to address graphs with learners by drawing the cost and revenue curves step by step. As each step is done it needs to be explained. After the teacher draws each step, learners should do likewise 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 from Grade 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 (Percentage)**



**Graph 5.1.1: Performance Distribution Curves in Economics (Percentage)**



## 5.2 OVERVIEW OF LEARNER PERFORMANCE: PAPERS 1 AND 2

### General Comments

- (a) A good understanding of tables, extracts, news articles, figures and graphs enabled many candidates to perform well. 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 understand questions and 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 issues. Graphs in Microeconomics always appear to be a challenge as questions relating to graphs are either avoided or answered poorly, e.g.:
    - Paper 1: Q2.3.4: Why is there a rise in household expenditure while unemployment is steadily increasing? Q4.3.5: How can countries benefit from international trade agreements?
    - Paper 2: Q5: With the aid of graphs, discuss how economic profit and economic loss is determined in a monopoly market. Q4.2.4: Why is the marginal revenue curve the same as the demand curve in a perfect market?

- **Exposure to different types of questions:** Skilled learners are able to 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 instruction 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, e.g.:
  - Paper 1: Q2.5: With reference to the Phillips curve, analyse the relationship between inflation and unemployment. Q4.5: How can monetary policy contribute to economic growth?
  - Paper 2: Q2.5: Evaluate the impact of imperfect competition on consumers. Q3.5: How can countries contribute to reducing ocean (sea) pollution?
- **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 2020 year-end examinations, all learners should use past papers for the final examinations (2016–2019) and supplementary examinations (2017–2020) 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 previous 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 papers and the marking guideline is good as a revision tool but not as a teaching tool. Interpretation of questions is critical. Content should be continually assessed in line with the *Examination Guidelines*.
- (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 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 questions in 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, e.g.:
  - Paper 1 (related to foreign exchange markets): Q2.4: Use the graph to explain the impact of an increase in exports to China on the value of the rand.
  - Paper 2: Q4.4: With the aid of a graph explain the impact of minimum prices on the market.

Teachers should familiarise their learners with the new phrasing of questions, e.g. the *what*, *why* and *how* type of higher-order questions. However, there is a misconception that if a question begins with *How* then it constitutes a higher-order question.

Consider this question: *How many units are demanded at a price of R10?* This is a cognitive middle-order and easy question. 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. Further, it must be noted that answers to these questions are not necessarily found in textbooks but will require an application of content studied within a particular context. Reading the question again will ensure greater accuracy in the candidates' response. Responses need to be formulated and the question should be checked 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: In Q2.5 many candidates drew the Phillips curve, instead of analysing the relationship between inflation and unemployment with reference to the Phillips curve.
- Paper 2: In Q2.5 candidates had to evaluate the impact of imperfect competition on the consumers but instead they described the characteristics of imperfect competition and in some case the answer related to the impact on businesses.

(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 especially for higher-order questions, e.g.:

- Paper 1: Q6 Additional part: Evaluate the success of protectionism as a trade policy to protect industries against foreign competitors.
- Paper 2: Q4.5: How successful has South Africa been in using education to ensure environmental sustainability?

(e) **The importance of formative testing:** Teachers should build the confidence of learners through the use of short informal formative tests and tasks. These 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.

(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 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, 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. This is necessary where a textbook does not adequately cover aspects stipulated in the Examination Guideline.

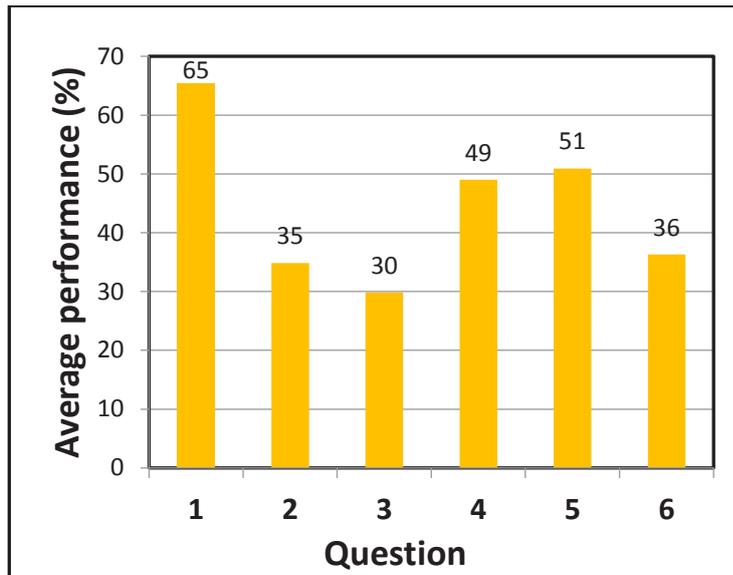
### 5.3 DIAGNOSTIC QUESTION ANALYSIS FOR PAPER 1

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 Q1 was good. The performance in Q2, Q3, and Q6 showed a decline from that of 2018. Candidates performed the worst in Q3 (Economic Pursuits) question in 2018 and 2019. However, there was an improvement in Q5.

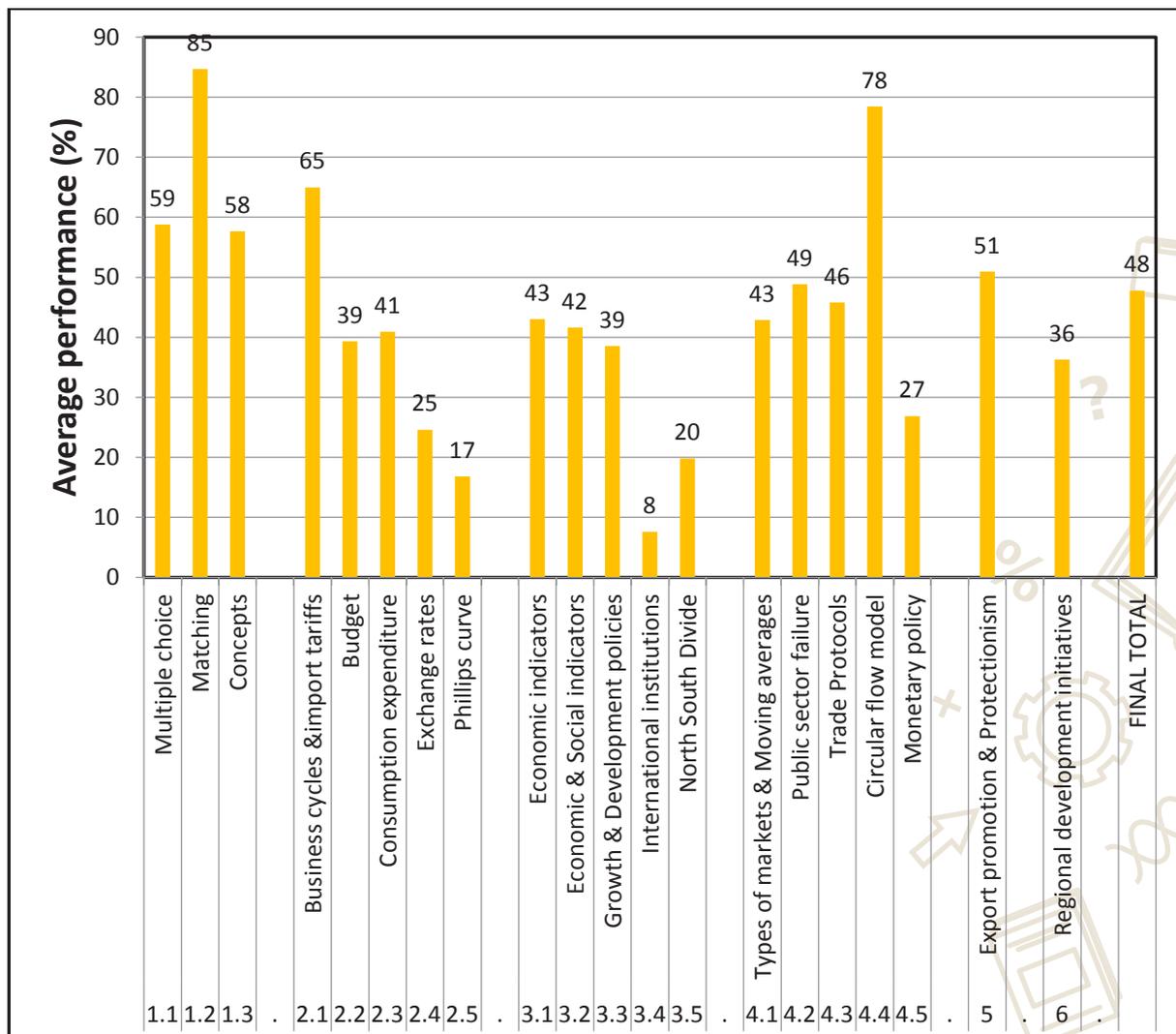


**Graph 5.3.1: Average Marks per Question Expressed as a Percentage**



Q	Topic/Aspect
Q1	Objective Questions
Q2	Macroeconomics
Q3	Economics pursuits
Q4	Macro & pursuits
Q5	Macroeconomics
Q6	Economics pursuits

**Graph 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 candidates 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 Q1.1 candidates had to choose the answer from various options provided. Generally, the lack of content knowledge led to candidates being unable to choose the correct alternative. Poor performance was recorded in Q1.1.2 and Q1.1.8.
- (b) 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 *Human Development Index* and *portfolio investment*. Poor performance was recorded for Q1.2.3 and Q1.2.5.
- (c) In Q1.3 candidates had to give an Economics term for a given statement but they provided an abbreviation instead. The marking guidelines accepted only the correct answer with no abbreviations or examples. When candidates provided more than one answer, they were awarded no marks. Overall performance has improved compared to that of 2018.
- (d) In Q1.3.2 candidates confused depression and trough, and Q1.3.6 was a good example of typical answers from candidates reflecting broad knowledge rather than in-depth knowledge of the subject matter.

#### Suggestions for Improvement

- (a) 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 the light of this, learners 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 would facilitate the marking of scripts.
- (b) 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.
- (c) Teachers should expose learners to basic economic concepts through short formative tests on basic concepts. Learners 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.

- (d) Although multiple-choice questions provide possible answers, they require full content knowledge. Constant revision of terminology is strongly advised.
- (e) 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 types of business cycles in Q2.1.1 and wrote on different phases of business cycles and business cycle indicators instead. In Q2.1.2 candidates responded by focusing on the advantages of cheap imports instead.
- (b) Many candidates could not explain the relationship between the main budget and the MTEF in Q2.2.4.
- (c) Most candidates performed poorly in Q2.3.5 where they had to explain why there is a rise in household expenditure while unemployment is steadily increasing.
- (d) Candidates performed poorly in Q2.4 where they had to study the graph to explain the impact of increased exports to China on the value of the rand.
- (e) Candidates failed to visualise the Phillips curve to discuss the relationship between inflation and unemployment (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 by SARB (on national account aggregates and foreign exchange markets) and Stats SA, should be studied in detail to ensure that learners know exactly how to prepare themselves thoroughly for the final examination. Learners should be able to use the information provided to answer questions appropriately (see Q2.4 where the given figures could be used in reasoning). 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 learner's 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 into real-life economic situations, e.g. the reaction of the value of the South African rand to an increase in the exports to China.

- (c) Learners should be exposed to advanced paragraph-type questions (see Q2.5). They should be guided on how to visualise the Phillips curve and apply it to analyse the relationship between inflation and unemployment. The importance of detailed analysis of graphs and their influence on the foreign exchange market must be clearly explained during the teaching and learning process (see Q2.4). Small formative assessment tasks should be used to ascertain whether learners are able to apply their knowledge, place emphasis on their own opinions and understanding.
- (d) Learners should read questions carefully to determine what is expected of them. In Q2.5, for example, candidates should only have referred to the curve to answer 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.
- (b) Candidates found opinion-based questions challenging. They could not name the economic indicators related to price changes in Q3.1.1. 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.
- (c) In Q3.2.5 weaker candidates could not explain the impact of a shortage of trained workers on global trade and failed to associate content learnt and its contextualisation. This indicated a lack of general knowledge and interpretation skills, which was also evident in Q3.2.5, Q3.3.4 and Q3.3.5.
- (d) It would appear 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 explain the role of international institutions in the standardisation of a country's indicators in enough detail.
- (e) In Q3.5 candidates were unable to address the unequal standards of living related to the North-South divide in enough detail to earn marks; instead they gave generic information.

#### Suggestions for Improvement

- (a) The main problem seems to be a lack of applying factual knowledge to solving typical day-to-day problems experienced in economies worldwide. The reason might be an insufficient variety of classroom assessment tasks.
- (b) Formative tests should be used to ensure that learners are able to understand and define what is meant by *constant prices*, *North-South divide* and *globalisation*.

- (c) Additional learning material should be given to learners during the academic year. Data provided in data-response questions should be read thoroughly before learners 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 and Q3.3.1.
- (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 enable 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 Q4.1.2 where they had to explain why it is important to use moving averages to forecast business cycles. Some candidates gave generic information and could not apply their knowledge on why moving averages are used in forecasting of business cycles.
- (b) In Q4.2.4 many candidates could not determine why public sector failure would lead to economic instability and they mentioned other consequences of public sector failure.
- (c) Most candidates could not answer the database question (Q4.3.4) correctly. Interpretation of such content seemed to be a major stumbling block for candidates. They appeared to lack insight into current economic affairs and battled to respond to questions on issues concerning everyday life (see Q4.3.4 and Q4.3.5).
- (d) In Q4.5 most candidates struggled to apply their knowledge on how the monetary policy contributes to economic growth. They focused mainly on economic growth, but their answers lacked context.

### Suggestions for Improvement

- (a) Teachers should use a variety of resource materials to prepare learners adequately for the examination. 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 an instruction 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

Many candidates listed facts in broad terms. The additional part of the essay, where candidates had to evaluate the success of protectionism as a trade policy to protect industries against foreign competitors, 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 *Examination Guidelines* for 2017 which clearly indicate all possible essay questions for the next 3 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 question. 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 South African endeavours (initiatives) in regional development in broad terms.
- (b) The additional part, which demanded higher cognitive thinking skills, was poorly answered by most candidates who referred only to the advantages of industrial development in South Africa.

## Suggestions for Improvement

- (a) Teaching of these topics should be done holistically. Learners should be guided in discussing 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. Learners need to improve their evaluation skills and 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 discuss these regularly in class.

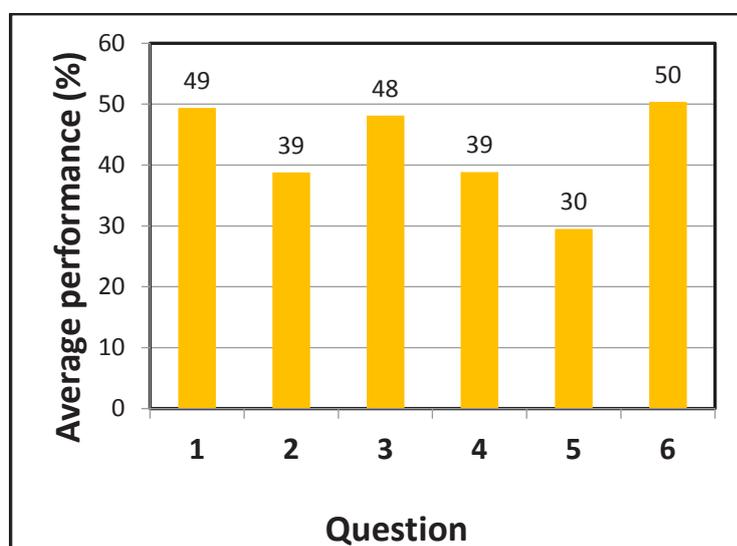
## 5.5 DIAGNOSTIC QUESTION ANALYSIS FOR PAPER 2

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.

Most candidates performed satisfactorily 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.

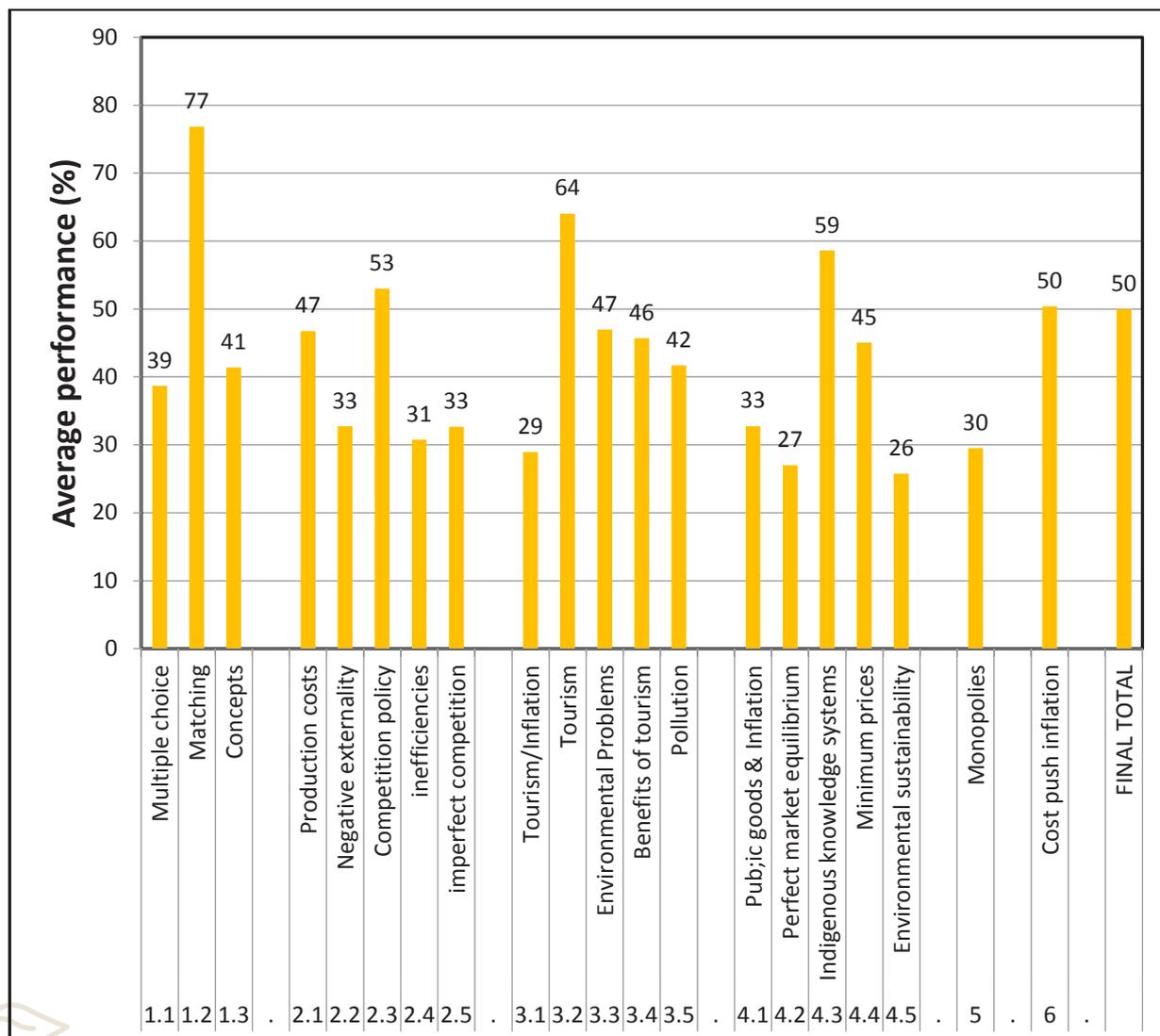
The performance in Section A dropped by 10% when compared to 2018 with a significant decline in Q1.1. In Section B, candidates generally performed poorly in Q2 and Q4 while an improvement was noted in Q3. In Section C, Q5 which was based of graphs was the worst performing question with a 30% average. Question 6, which was based on Contemporary Economic Issues, showed a slight decrease in performance.

**Graph 5.5.1: Average Marks per Question Expressed as a Percentage**



Q	Topic
Q1	Objective Questions
Q2	Micro-economics
Q3	Micro-economics & Contemporary economic issues
Q4	Macro & pursuits
Q5	Micro-economics
Q6	Contemporary economic issues

**Graph 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: MICROECONOMICS & CONTEMPORARY ECONOMIC ISSUES

#### Common Errors and Misconceptions

- This section was generally well answered. Economic concepts were properly understood by most candidates as they managed to obtain maximum marks. This shows a great improvement in understanding the concepts included in Q1.3 which were generally poorly done in previous examinations.
- 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 on questions related to microeconomics. In Q1.1.3 candidates performed poorly due to the question relating to an oligopoly market. The supply curve is not covered explicitly in the content but rather the demand curve. International agreements that deal with major environmental problems are confusing to candidates in Q1.1.6. Other options besides B (Stockholm Protocol) were given as an answer. In Q1.1.7 candidates confused the environmental world heritage sites with world heritage sites.
- (d) Many candidates confused break-even point/normal profit with equilibrium in Q1.3.1. In some cases zero economic profit was given as an answer which was not accepted as this is not correct terminology.
- (e) In Q1.3.5 a clear misunderstanding of the kinds/types of inflation was displayed by the candidates' responses. In Q1.3.6 permits were confused with marketable permits.

### Suggestions for Improvement

- (a) In Q1.1 learners should write down only the letter of their choice (A, B, C or D) 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. Learners 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 they 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) Teachers must emphasise that equilibrium is not a synonym for break-even which relates to total costs being equal to total revenue. Equilibrium refers to two variables being equal and is generic. Equilibrium point in determining profit/loss where  $MR=MC$  can result in economic profit and economic loss. The acceptance of alternate answers must hold true in all circumstances.
- (c) Definitions and concepts should be emphasised. Use of a glossary should form the basis of teaching and learning in Economics.
- (d) 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 Microeconomics.

## QUESTION 2: MICROECONOMICS

### Common Errors and Misconceptions

- (a) This question was generally poorly answered, with the interpretation of the graph being a particular challenge.
- (b) In Q2.1 candidates gave examples of demerit goods instead of negative externality. Alcohol and drugs were common responses.

- (c) Candidates mentioned only the cost to the society in Q2.2.3 and omitted private costs as a description of Social Costs.
- (d) In Q2.2.5 candidates' responses showed a lack of understanding of the 'socially optimal'. This question could have been answered despite the labelling of quantities having been omitted. This compromised some of the responses.
- (e) In Q2.3 candidates demonstrated a lack of knowledge of the differences between the Competition Act and the three institutions responsible for carrying out the Competition Act. Although they knew the institutions, they seemed to confuse their roles and how they are linked to the Act. In Q2.3.4 candidates failed to link SMMEs to the goals of the Competition policy.
- (f) The most common response given to Q2.5 was 'the exploitation of consumers' whereas the rest of the answer was irrelevant and incorrect. Candidates struggled to evaluate the impact of imperfect competition on consumers. Instead they focused on the characteristics of imperfect competition.

### 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 them to different examples.
- (b) Learners must be exposed to more evaluation-type questions and emphasis must be placed on the requirements of the instruction verb i.e. the positive and negative aspects.
- (c) Teachers should focus consistently on the content and graphs in microeconomics from Grade 10 to 12 to reinforce the various concepts covered.
- (d) 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.
- (e) 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 candidates could not explain why core inflation is lower than headline inflation. Instead they gave a description of core inflation or just referred to one type without mentioning why the former is different from the latter.

- (b) In Q3.2 some candidates were confused by the bar graph. They interpreted the figure 4.1 % in 2017 as a percentage change as a reference to 2016 which was not indicated. The figure of 10.3 % in 2018 for Middle East was interpreted as a percentage change from 2017 figure of 4.1%. This is not correct as the 4.1% change in 2017 would mean that the 2016 figures for Middle East would have been either 0% or 8.2%. The graph shows that of all international tourist arrivals in 2017, 4.1% were from the Middle East. This increased to 10.3% in 2018. Thus the percentage was 6.2%. Although there was some concern in the interpretation and presentation of data, candidates performed very well in the question.
- (c) Candidates' responses in Q3.3.3 focused on the loss of biodiversity instead of biodiversity. In Q3.3.4 candidates seemed to lack knowledge of the purpose of CITES. Answers such as the creation of job opportunities and promotion of tourism were given. Some responses focused more on preservation and conservation or explanation of biodiversity loss. Candidates answered Q3.3.5 poorly as many confused subsidies with taxes and fines. It does seem candidates only know punitive measures for reducing environmental damage.
- (d) Limited critical thinking skills of candidates resulted in Q3.5 being poorly answered. Responses given were dumbfounding. There is a sense that some candidates did not understand what an ocean is because answers included putting a fence around the sea to reduce pollution and replacing the water in the ocean.

### Suggestions for Improvement

- (a) The teaching of contemporary economic issues is imperative and basic concepts need to be emphasised. Sometimes these topics are not covered in class due to poor time management. Teachers should cover Environmental Sustainability thoroughly in Grade 11 as a large part of the content overlaps with the Grade 12 topic on the environment. Assessment should also be comprehensive to give learners a head-start in Grade 12. This will allow for more time to cover other topics which are sometimes neglected.
- (b) The presentation of data in Q3.2 is correct and is in line with the standard presentation and interpretation of similar data published by financial institutions. Refer to the Reserve Bank Quarterly bulletin which has many examples of how percentage changes are presented, e.g. changes to inflation rate. This will eliminate the misconception alluded to above. Note that the bar graph could be represented as a line graph. The interpretation of this type of data must be emphasised to avoid confusion.
- (c) 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 using 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.
- (d) In teaching Economics, a crucial element is to motivate learners to think laterally about the topic. Where possible teachers must relate the different topics to the real world to help learners prepare for higher-order questions. Learners must gain practice in evaluating, assessing or critiquing issues or topics whenever possible. Teachers are encouraged to set their own higher-order questions and not only rely on past question papers as the only possibilities. It is a misconception to expect all answers to come from textbooks.

- (e) Topics such as inflation, tourism and environmental sustainability would readily relate to topical newspaper articles and statistics. Teachers are encouraged to refer 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: MICROECONOMIC/CONTEMPORARY ECONOMIC ISSUES

### Common Errors and Misconceptions

- (a) In Q4.1.1 candidates provided examples of public goods rather than characteristics. The responses in Q4.1.2 were poor as many candidates are not aware of the positive side of inflation.
- (b) Responses to Q4.2.4 related to the description of marginal revenue instead of linking it to the demand curve of a perfect market. The application of the concepts in a context, e.g. why the curves are the same, proved challenging for candidates.
- (c) There is a misconception that answer to 1-mark questions in the Data Response item must come directly from the data. A question may require an application of knowledge when the answer appears in the data or it may be a simple question related to the data. Q4.3.2 would be simple if the topic was covered adequately in class.
- (d) A common misconception in Q4.4 was the interpretation of minimum as being the lowest price, hence the indication of minimum price below equilibrium. Some candidates merely copied the graph from Q2.2. Apart from failing to draw the correct graph, their labelling was also incorrectly done. Many included cost curves which were also incorrectly labelled. In most cases only one graph was drawn, usually for the individual firm. Some candidates 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.
- (e) In Q4.5 many responses were related to measures for ensuring environmental sustainability, instead of evaluating the success of the one measure that was given which was *Education*.

### Suggestions for Improvement

- (a) Teachers must discuss concepts thoroughly by providing examples where possible. This will improve the learners' understanding of the topic. Concepts should be related to the real world for learners to appreciate and understand the topic, e.g. in teaching the concept, 'conservation', a link must be drawn to how this done in the real world, and particularly in South Africa.
- (b) A clear distinction between minimum and maximum prices should be made through description and graphical representation.
- (c) Emphasise the importance of labelling all axes, cost curves and revenue curves, supply and demand curves and showing changes on the axes when a relationship has to be indicated.

- (d) 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 Microeconomics.
- (e) 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: MICROECONOMICS

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) Candidates did not draw and label cost and revenue curves correctly. Where the curves were correct, the identification of profit maximising point or loss minimising point was incorrect. This impacted negatively on the explanation of graphs.
- (b) In many cases candidates focused on the characteristics of monopolies as opposed to the explanation of the graphs.
- (c) Some responses included cost and revenue curves of both perfect and monopoly market on the same set of axes which suggested confusion in understanding graphs.
- (d) In the additional part many candidates struggled to link the performance of natural monopolies to achieving economic profit. A context such as 'Eskom as a natural monopoly', which was not given, made the question more challenging for the learner.
- (e) Although guided in the question paper as to what a conclusion should entail, the writing of a relevant conclusion is a challenge for most candidates.

### Suggestions for Improvement

- (a) Teachers are encouraged to require learners to practise the drawing of graphs and to assess their own accuracy in labelling of curves. This must be done on a regular basis until it is mastered.
- (b) 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.
- (c) Teachers should ensure that learners draw graphs of equilibrium positions while this is illustrated on the chalkboard/whiteboard. Teaching graphs via a power point is discouraged but should rather be a support to the actual drawing of graphs. The following method is suggested.

- Start by drawing the Revenue curves (D, AR, MR)
  - Then draw the AC curve followed by the MC curve. The AC curve should be drawn before the MC (smile and tick). This would make it easier for the learner to ensure that the MC cuts the AC at its minimum point.
- (d) Teachers must be aware that in the drawing of graphs for *economic profit* for an imperfect market, the profit maximizing point can lie above, on or below the AC curve. The position of the profit maximizing in relation to the AC curve does not matter. The explanation should follow the basic rules outlined below. The method can be used for any equilibrium position.
- (e) The explanation of the graph should follow the following basic steps irrespective of which market structure is involved.
- Identify profit maximizing point (MR=MC) first. This is most important as it impacts on all other variables in the explanation.
  - The price and quantity should be determined. Note that in an imperfect market a line must be extended upwards from profit maximizing point to the demand curve to read off the price.
  - The next step is to compare AR (price) to AC to determine whether economic profit, economic loss or normal profit is made.
  - Indicate the total economic profit from the graph. This could take the form of labels or a calculation.
  - The equilibrium position could then be classified as a short term, long term or both.
- (f) Subject advisers/cluster leaders must provide adequate support and materials that would help teachers to deal with challenging topics such as graphs.
- (g) 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) The main part was answered fairly. Candidates understood that cost-push inflation is caused by factors that increase cost of production.
- (b) In the main part, candidates did not present their answers in terms of the structure expected by using subheadings.
- (c) Many candidates mentioned the correct causes of cost-push inflation but struggled to explain the cause adequately.

- (d) It can be inferred from the candidates' responses that they do not know the concept 'administered prices' and therefore struggled with evaluating the negative impact it has on the economy.

### Suggestions for Improvement

- (a) All content should be completed timeously so that there are opportunities 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 their conclusions, learners should be taught how to structure a response in support of or against the facts mentioned in the main part. Teachers should remind learners of the guideline in the question paper regarding conclusions to the essays.
- (c) Basic content should not only be covered, but also linked to the creativity of learners in the practical application of each topic.

