CHAPTER 5

ECONOMICS

The following report should be read in conjunction with the Economics Paper 1 and Paper 2 question papers for the NSC November 2021 examinations.

5.1   PERFORMANCE TRENDS (2017–2021)

The number of candidates who wrote the Economics examination in 2021 increased by 20 707 compared to that of 2020 i.e. 17,4% of the cohort.

There was an increase in the number of candidates who passed at 30% (Level 2) from 81 536 in 2020 to 94 479 in 2021, and in the number of candidates who passed at 40% (Level 3) from 49 958 to 56 145.
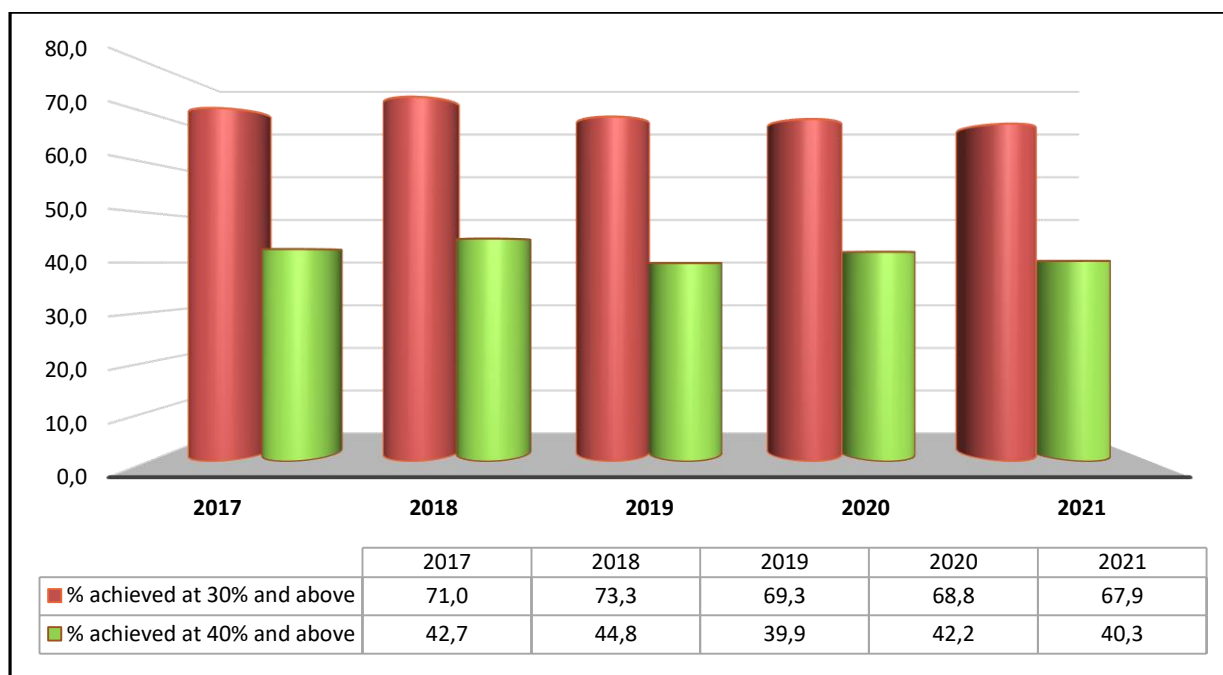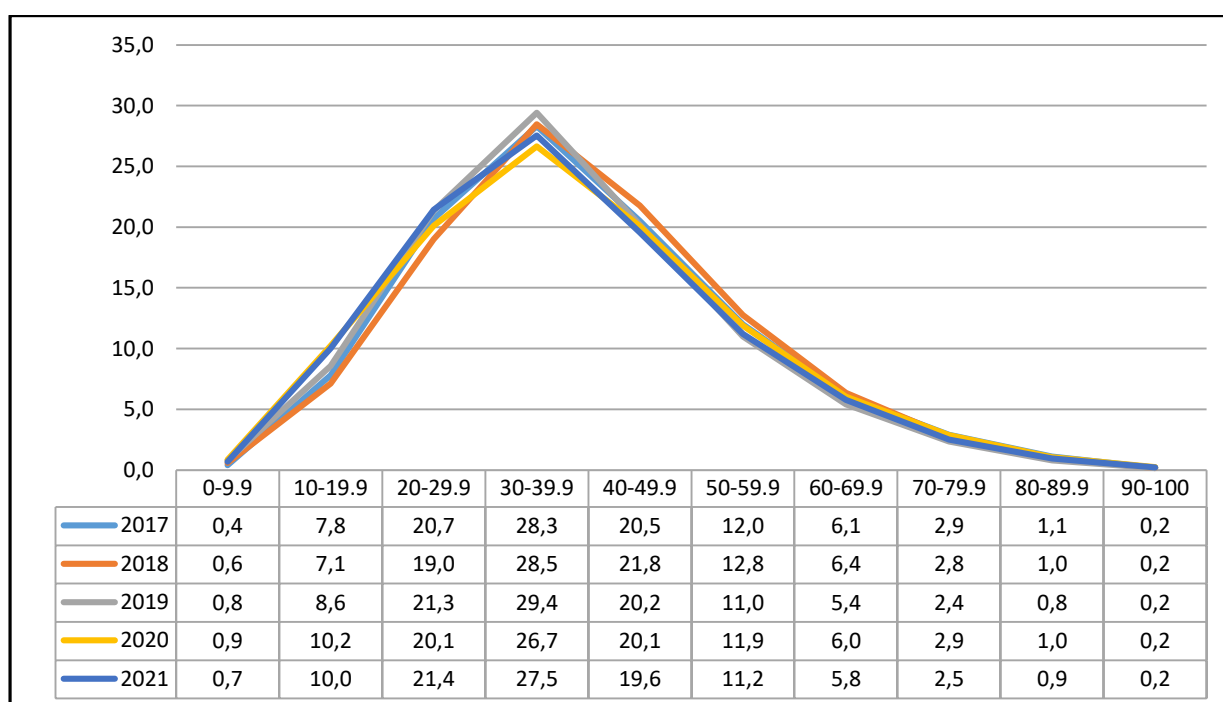
There was a marginal decline in the pass rate at 30% (Level 2) from 68,8% in 2020 to 67,9% in 2021, with a corresponding decrease at 40% (Level 3) from 42,2% to 40,3%. The table below indicates no definite trend in pass rates over the past five years with improvements or declines within a narrow band of only four percentage points at Levels 2 or 3.

The percentage of distinctions (over 80%; Level 7) remained constant at approximately 1,1%. Given the increase in the size of the 2021 cohort, this converts into an increase in the total number of distinctions from 1 422 in 2020 to 1 531 in 2021.

The results reflected above were despite the challenging circumstances brought about by the Covid-19 pandemic over the past two years which affected teaching and learning activities of the 2021 cohort. This appears to have been the result of constructive intervention strategies by teachers and subject advisors as well as schools and provincial education departments. The resourcefulness and diligence of the above-average candidates also contributed to the overall performance in the subject.

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
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
2020	118 484	81 536	68,8	49 958	42,2
2021	139 191	94 479	67,9	56 145	40,3

Graph 5.1.1   Overall achievement rates in Economics (percentage)

	2017	2018	2019	2020	2021
■ % achieved at 30% and above	71,0	73,3	69,3	68,8	67,9
■ % achieved at 40% and above	42,7	44,8	39,9	42,2	40,3

Graph 5.1.2   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
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
2019	0,8	8,6	21,3	29,4	20,2	11,0	5,4	2,4	0,8	0,2
2020	0,9	10,2	20,1	26,7	20,1	11,9	6,0	2,9	1,0	0,2
2021	0,7	10,0	21,4	27,5	19,6	11,2	5,8	2,5	0,9	0,2

5.2   OVERVIEW OF CANDIDATE PERFORMANCE: PAPERS 1 AND 2

General comments

Over the years, there has been an improvement in the writing of essays, but the 8-mark higher-order additional part of the essay and the drawing of graphs still present a challenge to learners. In addition, 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 subquestions pitched at 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 essays. An excellent knowledge of economic terminology will result 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 be 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 in a manner that will develop learners' writing skills, thus preparing them to cope with the Grade 12 content. This is also an area in which teachers must be supported by subject advisors.

In Grade 10 and Grade 11, learners' knowledge of topics/content should be extended where possible so that a strong foundation is set to cope with the demands of the Grade 12 curriculum. 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 Grade 12 topics and should be emphasised.

While there has been a general improvement in the drawing of graphs over the years, the technical aspects need to be reinforced. This would include 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 recognise the integration of topics from Grade 10 to 12. Graphs relating to cost and revenue curves must be dealt with thoroughly in Grade 11 as this is the foundation for the more complex graphs in Grade 12. Learners still lack the skill of interpreting graphs they have drawn. Teachers should equip learners with interpretation skills whilst taking them through the steps of drawing graphs.

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.

Specific findings

(a)   A good understanding of tables, extracts, news articles, figures and graphs enabled many candidates to perform well.

(b)   Although candidates were able to complete each paper within the allocated time, it seems that they had limited time to review their work as evidenced by some subquestions being left blank.

(c)   The main reasons for underperformance were the following:

- **Skills:** Poor language skills made it difficult for candidates to understand the requirements of questions and to express themselves clearly, 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 also a lack of knowledge on current economic issues, notably in the following subquestions:
  - Paper 1:   Q2.3.5: How can income tax brackets influence taxpayers?
  - Paper 2:   Q1.3.5: Monetary policy approach used by the SARB to keep price changes within 3 – 6 %.

    Q4.1.2: How does the Paris Agreement intend to reduce the impact of climate change?

- **Exposure to different types of questions:** Teachers play a crucial role in preparing 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. This gives them the opportunity to develop a variety of higher-order thinking skills in the context of the subject content being taught. Skilled learners are better able to write essays and paragraphs and offer their opinions with confidence. Such learners are able to focus on the information that is relevant to the answering of each question.

- **Problem-solving skills:** Learners should be challenged to solve everyday problems experienced in their own communities, e.g.:
  - Paper 1:   Q2.5: How can changes in *terms of trade* influence the South African economy?

    Q3.5: Analyse the environmental effects of economic activities of countries in the north.
  - Paper 2:   Q2.5: Analyse measures that may be used by the government to promote competition in the economy.

    Q.5: Additional Part: How can market inefficiency be reduced by global markets?

- **Language ability:** Although proficiency in the language of assessment is still a drawback for many second-language candidates, some centres in deep rural areas produce good 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 their work plan for the year:

(a)   **Use of past NSC and *CAPS* aligned exam papers:** In preparation for the 2022 year-end examinations, all learners should have access to and make use of past NSC papers, which must include the final examinations papers (2017–2021) and the supplementary examination papers (2018–2022) for clear guidance on style, format and different questioning techniques. Teachers should reflect on their own confidence and their ability to deal with each topic in the classroom situation and to assist learners through their teaching. Furthermore, teachers should use the 2021 *Examination Guidelines* as support material when it comes to the scope and depth of content and on 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 2021 *Examination Guidelines*. Previous question papers and marking guidelines should be used as revision tools but not as a teaching tool, as it encourages spotting of questions for the exams. Interpretation of questions is critical. Content should be continually assessed in line with the 2021 *Examination Guidelines*.

(b) **Basic concepts:** Teachers should ensure that learners understand basic concepts and terminology before engaging in in-depth applications. More time should be spent on improving the reading skills of especially the second-language learners. Learners' understanding of terminology should be assessed on a continuous basis. *Mind the Gap,* which explains relevant concepts in detail, is a useful resource. A quiz bowl, crosswords or team challenges may be interesting tools to assess knowledge of economic concepts. Regular 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 that may appear in NSC examination papers. For example, if a question requires the drawing or analysis of a well-labelled graph, this must be done effectively to earn the relevant marks, e.g. Paper 1, Q2.4: With the aid of a well-labelled graph, explain the multiplier concept. Paper 2, Q4.4: With the aid of a graph, explain *shutdown point* in a perfect market.

Teachers should familiarise their learners with the new approach of phrasing questions, e.g. the *what*, *why* and *how* type of higher-order questions. However, the misconception that if a question begins with *How* then it constitutes a higher-order question, must be clarified. The following example is an illustration:

How many units are demanded at a price of R10?

This is of a middle-order cognitive level and an 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), candidates need 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.

Higher-order questions place advanced cognitive demands on learners and encourage them to think beyond literal answers to questions. Higher-order questions promote critical thinking skills because these types of questions expect learners to apply, analyse, synthesise, and evaluate information instead of simply recalling facts.

Higher-order questions require learners to make inferences, draw relevant and insightful conclusions and use their knowledge in new situations. It also requires them to relate their thinking to other situations and to their own background knowledge. Issues from the real world can be used to either support or refute a point of view.

Time must be devoted to understanding the question clearly, for example:
- Paper 1, Q5: Discuss in detail the new economic paradigm in smoothing out business cycles. Some candidates discussed the new economic paradigm in too much detail. This led to limited time left to answer other sections/questions.
- Paper 2, Q2.5: Analyse measures that may be used by the government to promote competition in the economy. Many candidates referred to the aims of the

competition policy and the various institutions instead of focusing on how the government can promote competition in the economy.

Teachers need to realise that there are more interesting and creative ways to teach than by simply promoting rote learning. This includes teaching for understanding, decision making, problem solving, connecting a part to a whole, detail to concept, and concept to concept. There is also inference, prediction, analysis for bias and learning for transfer. Each of these techniques and processes require some form of critical thinking. Opportunities for learners to develop critical thinking processes will not be found in classrooms dominated by the regurgitation of factual content. They are found in classrooms where active learning is an essential component.

(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 opinions that are relevant to the context of especially higher-order questions, e.g.:

- Paper 1, Q5: Additional part: Evaluate the South African government's initiatives to reduce the economic downturn caused by the Covid-19 pandemic.

- Paper 2, Q6: Additional part: How does foreign direct investment influence inflation in the economy?

(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 learners are able to apply their knowledge, placing emphasis on their own opinion and understanding. This will encourage 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. In Section A, 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. There is a misconception that answers to 1-mark questions in the Data Response items 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.

- **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 repeated in the conclusion. Instead, 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 resources (including textbooks) to prepare notes that supplement material available to learners. This is necessary where a prescribed textbook does not adequately cover aspects stipulated in the 2021 *Examination Guidelines*.

- Topics earmarked as possible essays in the 2021 *Examination Guidelines* should be thoroughly prepared for the examination. Spotting of questions underprepares candidates and leads to poor performance. In both Paper 1 and Paper 2, various essay topics were covered in lower-order and middle-order questions.
  - Paper 1 reflected a total of 49 marks on these questions (see Q1, Q3.2, Q3.3, Q4.2, Q4.4).
  - Paper 2 reflected 42 marks on these questions (see Q1, Q2.2, Q3.2, Q3.3 and Q4.3).

5.3 DIAGNOSTIC QUESTION ANALYSIS OF PAPER 1

The average performance in Q2 and Q5 showed a decline from that in 2020. Candidates performed worst in Q3 (Economic Pursuits) in 2018-2020 with a slight improvement in 2021. There was also a slight improvement in Q4 (Macroeconomics & Economic Pursuits).

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.

Graph 5.3.1 Average performance per question in Paper 1
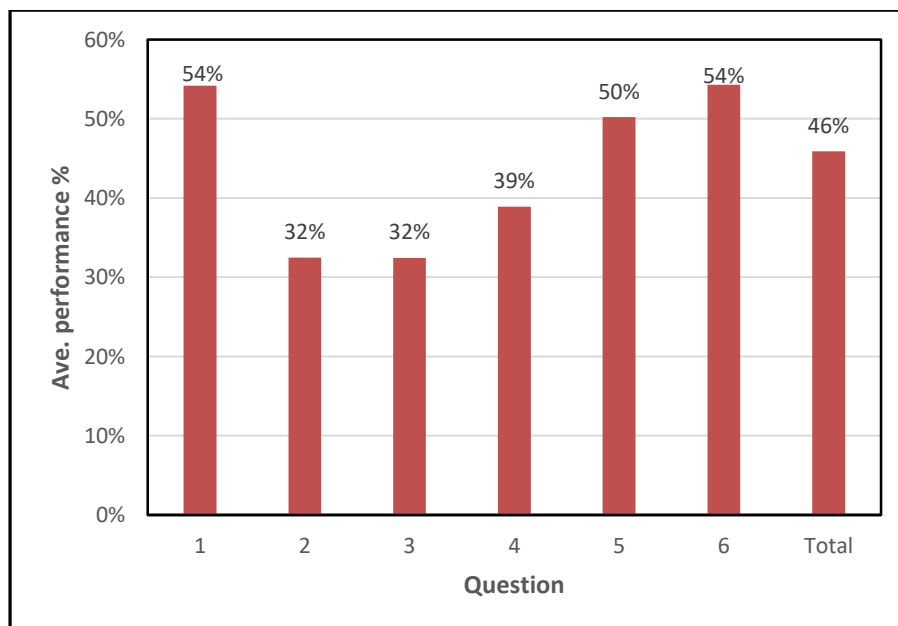
Q	Topics
1	Objective questions
2	Macroeconomics
3	Economic pursuits
4	Macro & pursuits
5	Macroeconomics
6	Economic pursuits

Graph 5.3.2   Average performance per sub-question in Paper 1
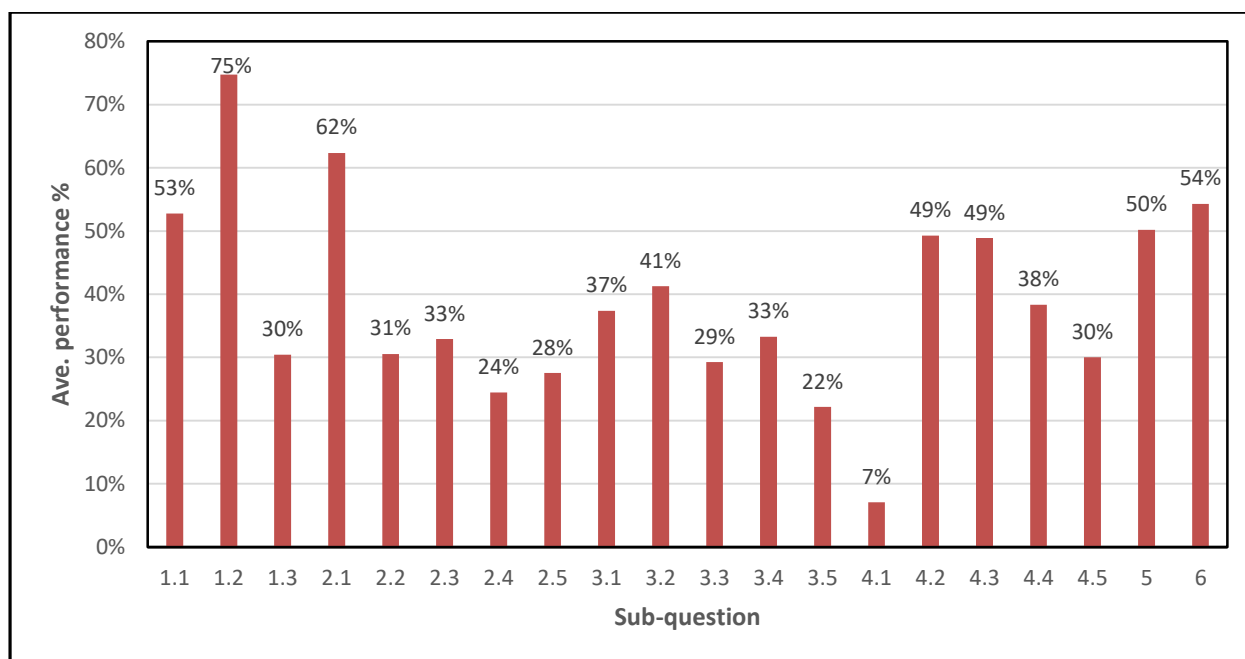
Sub-Q	Topic	Sub-Q	Topic
1.1	Multiple choice	3.3	SA Endeavours in regional development
1.2	Matching	3.4	Aims of regional development
1.3	Give a term	3.5	North-South divide
2.1	Public sector failure	4.1	BoP financial account
2.2	National account aggregates	4.2	International trade / BoP
2.3	Fiscal policy	4.3	Economic growth and development
2.4	Multiplier	4.4	Macroeconomic objectives
2.5	Terms of trade	4.5	Unemployment as economic indicator
3.1	Land restitution	5	New economic paradigm
3.2	Economic and Social Indicators	6	Protectionism
3.2	Tourism	6	Consequences of inflation

5.4   ANALYSIS OF CANDIDATES' PERFORMANCE IN EACH QUESTION IN PAPER 1

QUESTION 1: MACROECONOMICS AND ECONOMIC PURSUITS

Most candidates revealed a moderate performance 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 many candidates being unable to choose the correct alternative. Poor performance was recorded in Q1.1.4, Q1.1.5, Q1.1.6 and Q1.1.8.

(b)   In Q1.2 candidates had to match an Economics term with given statements. In some cases, they changed their original answers without cancelling the first one, or left out certain answers by mistake. Generally, a lack of content knowledge impaired candidates'

performance. They could not match the correct answers for *cash reserve requirements*, *price discrimination* and *desirable mix*. Poor performance was recorded in Q1.2.3, Q1.2.4 and Q1.2.6.

(c)   In Q1.3 candidates had to give an Economics term for a given statement, but they provided an abbreviation or acronym instead. Refer to 1.3.6 (IMS). The marking guidelines accepted only the correct answer with no acronyms, abbreviations or examples. When candidates provided more than one answer, they were awarded no marks. This was a poor overall performance compared to that in 2020, especially in Q1.3.2 and Q1.3.5.

(d)   In Q1.3.1 many candidates confused *absolute advantage* and *comparative advantage*, and Q1.3.3 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 light of this, learners need to follow instructions such as answering Q1 in the answer book, 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 all basic economic concepts covered in the various topics, e.g. Q1.1.4, where Financial derivatives form part of the financial account in the Balance of Payments. Learners should attempt to 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. It is advisable that teachers commence every lesson by testing terms and concepts addressed in the previous lesson.

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

QUESTION 2: MACROECONOMICS

Common errors and misconceptions

(a)   In Q2.1.2 most candidates responded poorly on the reason why public sector failure led to social instability*,* and focused on the reasons for public sector failure, instead of the effects thereof.

(b)   Many candidates could not briefly describe the term *gross value added* in Q2.2.3, as part of national income figures.

(c)   In Q2.2.4 some candidates could not convert basic prices to market prices.

(d)   Many candidates who performed poorly in Q2.3.2 lost marks because they could not give the benchmark percentage of public debt in relation to gross domestic product.

(e)   In Q2.3.5 most candidates could not explain how income tax brackets influence taxpayers.

(f)   In Q2.4 a large number of candidates struggled to draw a correctly labelled graph and explain the multiplier concept.

(g)   Many candidates failed to analyse the influence, changes in the *terms of trade* could have on the South African economy (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, Balance of Payments 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 in these statistics to answer questions properly (Q2.2.4).

(b)   There is a clear shift towards the learners' interpretation and problem-solving skills as demanded by data-response questions (Q2.2.5, Q2.3.4 and Q2.3.5). 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. They 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. How can income tax brackets influence taxpayers? (Q2.3.5).

(c)   Teachers need to ensure that learners know how to calculate and derive figures from data given, as in Q2.2.4 and Q2.2.5 where candidates had to convert figures and give reasons why constant prices are used to measure economic growth*.*

(d)   Teachers must ensure that the teaching of concepts, data response and correct economic terminology is adequately done. They should ensure that learners know what is expected of them, based on the various concepts and the depth of knowledge explained in the 2021 *Examination Guidelines* (EG) (see discretion on p.17 in EG and multiplier on p.15 in EG). Teachers must also make use of print media in the classroom to acquaint learners with contemporary economic issues. Subject advisors need to support teachers by developing content-based documents that address challenging topics in Economics.

QUESTION 3: ECONOMIC PURSUITS

Common errors and misconceptions

(a)   Weaker candidates could not name the methods of import substitution in Q3.1.1. Instead they gave the methods to calculate GDP and focused on RDP and compensation paid by government. Language issues continue to be a barrier and many candidates lost marks due to a poor command of the language in not explaining concepts fully. Many responses were mainly generic and completely void of Economic reasoning.

(b)   Many candidates misinterpreted the data-response questions (Q3.2 and Q3.3). Most subquestions demanded reading with understanding and interpretation.

(c)   Some candidates found opinion-based questions challenging. In Q3.2.4 candidates could only supply generic facts like *overcrowding* and the differences between *rich and*

poor. In Q3.2.5 many candidates could not explain how renewable sources of energy would affect poor households in rural areas positively and failed to associate content learnt and its contextualisation. This indicated a lack of general knowledge and interpretation skills, which was also evident in Q3.3.4 and Q3.3.5.

(d)   It would appear that current economic issues are not discussed on a regular basis in class. Candidates' responses were too generic and lacked factual knowledge   (Q3.5). Many candidates could not analyse the environmental effects of economic activities of countries in the north in sufficient detail.

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)   Teachers should emphasise that data-based questions (Q3.2 and Q3.3) cover middle-order responses. The action verbs *how* or *why* in these cases, would not have the same expectations from the responses of candidates, as compared to Q3.5 (a higher-order type question).

(c)   Additional learning material should be given to learners during the academic year. Data provided in data-response questions should be analysed thoroughly before learners attempt to answer any questions set.

(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 must endeavour 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 explained the differences between *north* and *south,* without analysing the environmental effects of economic activities. 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)   Many candidates could not answer Q4.1.1 where they had to name any TWO international benchmark criteria for regional development (see 2021 *Examination Guidelines* p.28)*.* Most candidates also performed poorly in Q4.1.2 where they had to give reasons why liabilities are added when calculating net direct investments in the financial account of the balance of payments (see 2021 *Examination Guidelines* p. 19).

(b)   In Q4.2.4 many candidates could not give an appropriate reason why South African consumers import products that are available on domestic markets. Typical incorrect responses were job creation and production.

(c)   Many candidates did not know how to link the effect of natural disasters on the trade balance (Q4.2.5).

(d)   In Q4.3.4 most candidates found it difficult to explain the impact of an increase in consumer spending on the production of goods and services. Instead candidates explained the impact of an increase in consumer spending on prices and inflation.

(e)   In Q4.3.5 many candidates' lack of grasping the economic concepts and relating them to real-life situations, resulted in their inability to explain how SMMEs could contribute to economic growth and development.

(f)   In Q4.5 most candidates struggled to apply their knowledge to the analysis of the challenges of the South African government in reducing the unemployment rate in the economy. Candidates only listed certain facts and did not meet the requirements of the expected cognitive level.

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.

(b)   Teachers should ensure that learners understand what is expected of them when instruction verbs such as argue, analyse, evaluate or differentiate are used in a question.

(c)   Learners generally lack insight into current economic affairs. Teachers should provide learners with additional notes on the five sub-accounts of the financial account in the Balance of Payments (BoP) to ensure that learners are able to explain Direct Investments as part of the financial account in the BoP, with understanding.

(d)   Learners should be guided on the process of selecting questions from both Section B and Section C, as part of exam-answering techniques. It is noted that often all of the questions in Section B are answered; this is a clear indication of poor planning and a waste of valuable time. Instructions need to be explained and reinforced to learners during their revision sessions so that they are clear about the requirements.

(e)   Learners need to be trained to answer higher-order questions. Teachers should ensure that learners have a clear understanding of what is expected of them, based on the depth of knowledge explained in the 2021 *Examination Guidelines*.

QUESTION 5: MACROECONOMICS

Common errors and misconceptions

Many candidates wrongly explained the business cycle or features underpinning forecasting as introduction. This resulted in their forfeiting 2 marks for the introduction. They listed facts in broad, general terms in the main part of the essay and confused monetary and fiscal policies with generic information on a business cycle. In the additional part most candidates could not evaluate the South African government's initiatives to reduce economic downturn caused by the Covid-19 pandemic. They were unable to relate theoretical knowledge with current topical items.

Suggestions for improvement

(a)   It is important that subject advisors supplement content on this topic through teacher development workshops, to address gaps in teachers' content.

(b)   Teachers are urged to use the 2021 *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. The fact that so many candidates are including topics not earmarked as essays, such as

different types of business cycles, features underpinning forecasting of business cycles, is concerning, in light of the fact that policy guidelines are provided.

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

QUESTION 6: ECONOMIC PURSUITS

Common errors and misconceptions

(a) Most candidates could list the different arguments in favour of protectionism, but tended to be generic in their discussions. Candidates included detail on free trade and export promotion, which was not a requirement of the question.

(b) The additional part, which demanded higher cognitive thinking skills, was poorly answered by most candidates. They struggled to explain how South Africa benefits from trading in global markets.

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. More attention should be given to 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 asked as essays for the first time (Protectionism). Teachers should plan so that the relevant core content for the year is taught well in advance (of the suggested ATP) 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 OF PAPER 2

The performance in Section A increased slightly when compared to that of 2020 with an increase in Q1.1 and Q1.2 and a decrease in Q1.3. In Section B, candidates generally performed better in Q2, Q3 and Q4. In Section C, there was a significant decrease of in Q5 when compared to 2020. There was a marginal increase in Q6. The performance in Microeconomics over the years has generally been poor to average.

The following graph is 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.

Graph 5.5.1   Average performance per question in Paper 2
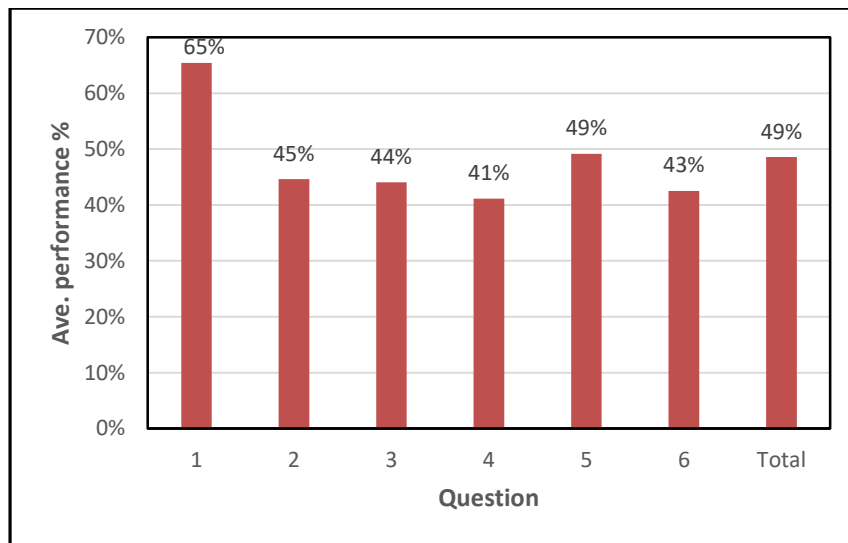
Q	Topic/s
1	Objective questions
2	Microeconomics
3	Contemporary economic issues
4	Microeconomics and Contemporary economic issues
5	Microeconomics
6	Contemporary economic issues

Graph 5.5.2   Average performance per sub-question in Paper 2
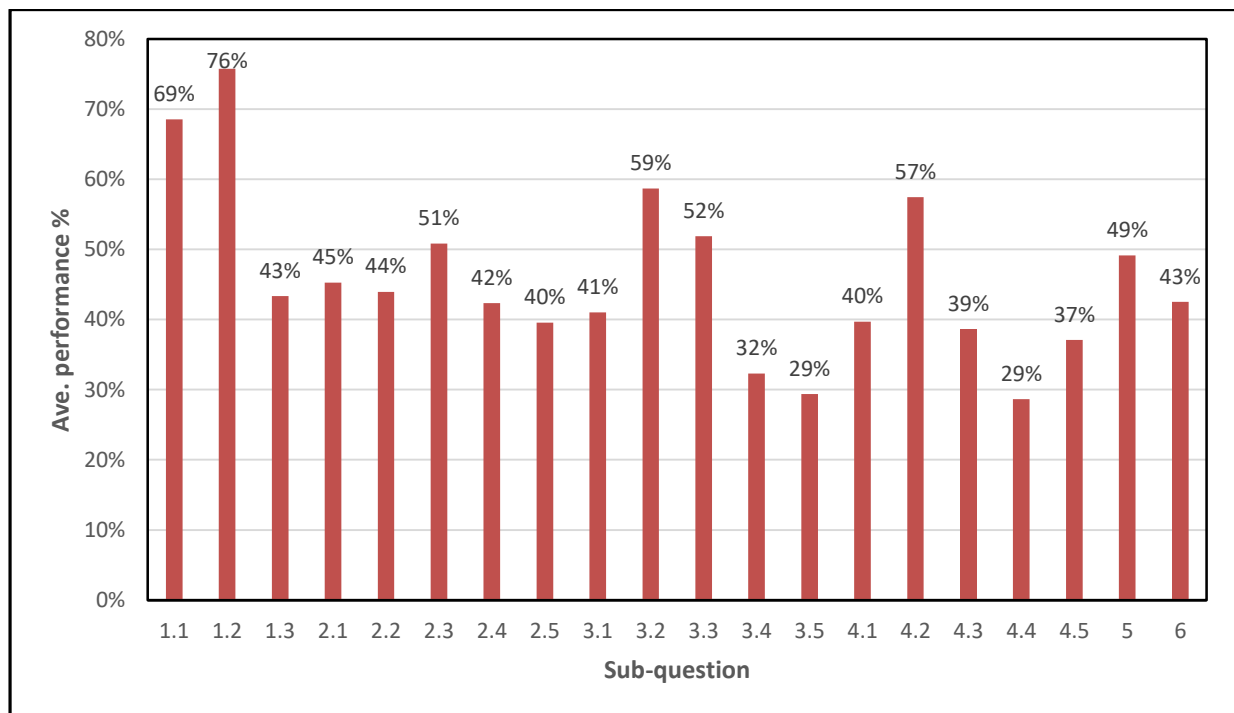
Sub-Q	Topic	Sub-Q	Topic
1.1	Multiple choice	3.3	Environmental problems
1.2	Matching	3.4	Sustainability - failure of markets
1.3	Concepts	3.5	Market strategies to promote tourism
2.1	Competition policy/monopolistic	4.1	Fixed costs/Paris Agreement
2.2	Barriers to entry/monopoly	4.2	World heritage sites/tourism
2.3	Perfect market	4.3	Oligopoly/Collusion
2.4	Revenue curves for a monopoly	4.4	Shutdown-point in a perfect market
2.5	Measures to promote competition	4.5	Impact of population on the environment
3.1	Criteria for tourism activity /preservation	5	Market failures- government intervention
3.2	Tourism	6	Consequences of inflation

5.6 ANALYSIS OF CANDIDATES' PERFORMANCE IN EACH QUESTION IN PAPER 2

QUESTION 1: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES

Most candidates performed well in Q1, especially the multiple choice and matching questions. In Q1.3 it was evident that candidates still struggle with concepts and often confuse related concepts. Overall, there was a slight improvement from the previous year. The performance of candidates ranged from excellent to poor. Some candidates attained full marks whilst a few did not even attempt to answer some of the questions.

Common errors and misconceptions

(a) In Q1.1 many candidates omitted to include some answers which resulted in incorrect numbering. In some cases, more than one answer was provided.

(b) Most candidates performed poorly on questions related to Microeconomics. Poor performance in Q1.1.1 can be attributed to the misunderstanding of *implicit* and *explicit*. Both were provided as answers.

(c) In Q1.3.1 some candidates' responses included *service delivery* and *customer satisfaction* instead of *allocative efficiency*. Many candidates indicated *Pareto optimum* which is technically incorrect in relation to the question. This implies that *efficiency* is a misunderstood concept.

(d) Inflation targeting was confused with inflation rate in Q1.3.4 and biodiversity was confused with biodegradable in Q1.3.6 by a fair percentage of candidates.

(e) Many candidates could not recognise the general manner in which Q1.3.6 was phrased, as it did not warrant a specific type of pollution as the answer. Answers related to the introduction of waste matter in a specific environment, e.g. water pollution, which was marked correctly.

Suggestions for improvement

(a) In Q1.1 learners are expected to write the letter of their choice (A, B, C or D) next to question numbers. However, if for some unknown reason, they decide to write the statements/option, then this would have to be the complete statement, as per the question paper. It is suggested that learners first attempt to determine the correct answer to multiple-choice questions before analysing 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 should emphasise the difference between *implicit cost* and *explicit costs* and try to relate fixed and variable costs to explicit costs with examples. Teachers could go one step further and explain the difference between accounting profit and economic profit and how it relates to explicit cost and implicit cost. This will give learners a clear understanding of why normal profit in Economics is equated to break-even point (takes into account explicit and implicit costs). This is very different to Accounting profit where only explicit costs are considered in determining profit.

(c) Emphasis on distinguishing between the concepts of *allocative efficiency*, *technical/ productive efficiency* and *pareto efficiency* is essential when discussing market failures.

Pareto Optimum is a technically incorrect response to Q1.3.1. Pareto optimum is related to *Allocative efficiency* as both are linked as being on an optimal point on the *Production Possibility Curve* (a condition for *allocative efficiency*). For the attainment of a Pareto-efficient situation in an economy, the following three conditions must be satisfied:

- Efficiency of distribution of commodities among consumers (efficiency in exchange)
- Efficiency of the allocation of factors among firms (efficiency of production)
- Efficiency in the allocation of factors among commodities (efficiency in the product-mix)

(d)   Definitions and concepts should be emphasised. Use of a glossary should form the basis of teaching and learning in Economics.

(e)   Revision by means of short, regular formative tests on basic concepts is strongly recommended. 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)   Q2.1.1 was answered poorly. Many candidates confused aims/objectives of competition policy with the Competition Act.

(b)   In Q2.1.2 many candidates struggled with the concept, 'hybrid market structure'. They failed to supply the expected correct response. Some candidates were not able to differentiate between *monopolistic market* and *monopolistic competition.*

(c)   Most candidates misunderstood the requirements of Q2.2.5 and proceeded to discuss the characteristics of monopoly.

(d)   A lack of application and interpretation of a graph in a certain context was evident in Q2.3.5 as many candidates' responses related to the market/industry instead of the individual business. Candidates found it difficult to relate the impact of one variable on another.

(e)   In Q2.4 most candidates were able to draw the graph, but failed to label it accordingly. The relationship between average revenue and marginal revenue was not well explained as many candidates simply mentioned what was shown in the graph instead of relating marginal revenue to the average revenue curve.

(f)   Most candidates answered Q2.5 poorly. Many incorrectly referred to aims of the competition policy and the various institutions, instead of analysing measures to promote competition. Candidates appeared to be confused by the cognitive verb, 'analyse'.

Suggestions for improvement

(a)   Teachers should emphasise the difference between the *competition policy* and the *Competition Act* when discussing the aims/objectives.

(b)   While the characteristic of 'hybrid' is not explicitly indicated in the *2021 Examination Guidelines*, it is a characteristic that learners will come across under the characteristics of Monopolistic Competition. A clear distinction must be made between *monopolistic competition* and *monopolistic market* as the latter relate to a monopoly market structure. Teachers must be encouraged to mediate the content, especially related concepts, more effectively to learners.

(c) Teachers must emphasise that with regards to imperfect markets the marginal revenue (MR) curve will always lie below the average revenue (AR) or demand curve due to its negative slope, except at unit one where both curves touch. This is due to more units being sold at a lower price; hence the MR will be lower. This must be supported by a revenue table for learners to clearly see that the MR is less than AR at each quantity. In drawing the MR curve, stress the point that it should not touch the Y-axis, as the MR cannot have a positive value on the Y-axis, due to it being undefined at zero units. Teachers should also compare this to a perfect market where the demand curve (AR) is the same as the MR curve due to the horizontal demand curve.

(d) The practice of drawing and labelling graphs is essential to learners' understanding of various concepts and content related to the topic. Teacher should also encourage learners to provide explanations to given graphs. Regular assessment on the drawing of graphs in Microeconomics from Grade 10 to 12 is essential in reinforcing the various related concepts.

(e) Teachers must spend time to explain the cognitive verbs from the *2021 Examination Guidelines* to learners in detail so that learners are familiar and clear about the expectations of these verbs, especially in relation to higher-order questions.

(f) 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, instead of the full component of 8 marks.

QUESTION 3: CONTEMPORARY ECONOMIC ISSUES

Common errors and misconceptions

(a) Most candidates' responses in Q3.1.1 were based on the purpose of tourism, e.g. leisure and business, instead of the criteria.

(b) In Q3.1.1 many candidates' responses related to *conservation* instead of *preservation*.

(c) Many candidates' responses in Q3.2.3 related to *domestic* instead of *inbound* tourists.

(d) Many candidates experienced challenges with interpreting Q3.2.4. Their responses tended to repeat the question without explaining the actual role played by tourism in developing infrastructure. Incorrect responses included 'tourism creates jobs' and 'the role played by tourism in the economy'.

(e) International agreements were still a challenge for most candidates as they failed to link environmental problems to the international agreements in Q3.3.2.

(f) In Q3.3.4 some candidates explained soil erosion only but struggled to relate soil erosion to food security.

(g) A large percentage of candidates misinterpreted the words 'why markets fail' in Q3.4 and discussed reasons for market failure (microeconomics) instead. They failed to link it to environmental sustainability.

(h) In Q3.5 many candidates failed to analyse marketing strategies, instead they discussed reasons for growth in the tourism industry.

Suggestions for improvement

(a)   The teaching of contemporary economic issues is imperative and basic concepts need to be emphasised. Sometimes these topics may not be covered in some centres, possibly 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)   Learners must be exposed to more data-response questions i.e. 4-mark questions that require application skills. A thorough understanding of key concepts is necessary to interpret such subquestions. Such questions should be discussed in class, with the emphasis on using the relevant data to address the requirements of the question. Logical reasoning would enable learners to earn marks especially if they can show an understanding of the question.

(c)   The importance of infusing current economic issues in lessons cannot be over-emphasised enough especially where content can be linked with real issues. Issues such as Covid-19 could be easily linked to tourism and inflation.

(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 real-world issues. This will 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, to extend their respective classes. They should realise that textbooks would not be adequate in providing all relevant and current responses to questions, but minimise an over-reliance on them.

(e)   Sufficient informal activities on high-order questions are crucial in preparing learners for subsequent formal assessment tasks. Data-response questions should not merely require learners to re-produce 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)   Many candidates' responses in Q4.1.2 did not address the question asked. Instead, they focused on climate change and global warming. The poor responses could be attributed to an additional inclusion in the *2021 Examination Guidelines* with regards to climate change. Many textbooks do not cover the basic content on this topic.

(b)   Most candidates answered Q4.2.4 poorly. They confused *appreciation* with *depreciation* of the rand and failed to clearly show its effect on inbound tourism. A lack of pre-requisite knowledge and a lack of application of a concept in context waere clearly evident.

(c)   Responses in Q4.3.3 clearly indicated a lack of understanding of the various market structures as many candidates referred to characteristics of other market structures instead of oligopoly.

(d)   In Q4.3.5 some candidates were able to demonstrate knowledge of price fixing, but could not relate its impact on the market. They confused price fixing with *minimum prices* and *maximum prices*. Understanding and interpretating the requirements of a question was a challenge for most candidates.

(e)   Drawing of graphs still presented a challenge as noted in Q4.4 which was poorly answered. Marks were lost for the following reasons:
-    Cost curves were incorrectly drawn and/or labelled
-    Shut-down point was incorrectly indicated
-    Axes not labelled
-    Inappropriate explanation of economic and normal profit instead of shut-down point

Suggestions for improvement

(a)   It is essential that teachers closely follow the *2021 Examination Guidelines* and ensure that the content is researched where textbooks do not cover such topics. A case in point being the Paris Agreement which is an improvement on the Kyoto Protocol as it limits the impact of climate change. Essentially the goal of the Paris Agreement (2015) is to limit global warming to well below 2°, preferably to 1,5 degrees Celsius**,** compared to pre-industrial levels. The Paris Agreement is a landmark in the multilateral climate change process because, for the first time, a binding agreement brings all nations into a common cause to undertake ambitious efforts to combat climate change and adapt to its effects.

(b)   Teachers should be encouraged to compare and contrast the four markets in Grade 11 when they address *perfect* and *imperfect* markets. The basic characteristics of the four market structures (number of sellers, nature of product, price, quantities, market entry and examples) must be taught thoroughly and thereafter reinforced, together with other characteristics when dealing with this topic in Grade 12.

(c)   There are many criteria outlined in the *2021 Examination Guidelines* that will assist learners to compare the various market structures. Teachers are encouraged to develop mnemonics so that it becomes easier to do a comparison in order to identify similarities and differences. This will help learners to master the content of the characteristics of the various market structures.

(d)   Cost curves are considered pre-requisite knowledge when dealing with the various equilibrium positions in Grade 12. Cost and revenue curves must be thoroughly addressed in Grade 11. This will serve as a strong foundation when drawing graphs related to perfect and imperfect markets in Grade12.

(e)   A major contributing factor for poor performance arises from incorrect interpretation of the question due to lack of a thorough understanding of a particular concept. This negatively influences its application in a context that is relevant to the question and compromises logical reasoning. Teachers should refrain from providing marking guidelines to learners before they attempt challenging questions, as this prevents them from thinking critically about the question themselves.

QUESTION 5: MICROECONOMICS

In general, the level of performance in response to the question was satisfactory. This particular essay was popular. The candidates, however, performed poorly in the additional part.

Common errors and misconceptions

(a)   Many candidates made reference to the reasons for market failure instead of the state intervention as a consequence of market failure. Responses also related to market structures which indicate some confusion between market structures and market failures. Some candidates included graphs although it was not required. They were, however, credited for correct explanations.

(b)　Most candidates performed poorly in the additional part of the essay. They struggled to interpret the question to explain how global markets can reduce market inefficiency.

(c)　Although guided in the question paper as to what a conclusion should entail, the writing of a relevant conclusion was a challenge for most candidates.

Suggestions for improvement

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

(b)　Learners must practise answering higher-order questions. Teachers must unpack questions in a way that guides learners to focus on the key issues demanded by the question. Learners should be engaged in classroom discussions, which will promote their ability to interpret content and to think critically because of the feedback they get from others.

(c)　Essays must be given as practice to learners on a regular basis whereby teachers can focus on assessing the additional part and the conclusion of the essay, areas identified as problematic for many learners.

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES

In general, the level of performance in response to this question was satisfactory.

Common errors and misconceptions

(a)　Although a guideline was available, many candidates did not present their answers in terms of the structure expected by using suggested subheadings.

(b)　The main part was answered fairly well. Candidates were credited for mentioning general consequences of inflation although it was not discussed under specific headings. Some candidates' responses related to other aspects of inflation such as causes and measures to combat inflation, which was not required in this instance.

(c)　In the additional part, candidates found it difficult to relate *foreign direct investment* to inflation. Answers suggested a lack of understanding of the concept *foreign direct investment*.

(d)　Many candidates wrote about the benefits of tourism instead of environmental problems. This suggested a lack of adequate preparation and spotting for the examination.

Suggestions for improvement

(a)　The teaching of all content should be completed timeously so that more opportunities for revision are created. Poor planning and delivery often leads to some teachers rushing through the last few modules and not spending as much time on contemporary economic topics. Teachers need to ensure that each topic is given adequate attention, as outlined in the ATP.

(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 constantly remind

learners of the guideline in the question paper regarding the conclusion to the essay, during the revision sessions.

(c)   Learners must be exposed to current affairs/news/events on a continuous basis from Grade 10. SBA tasks should be prepared on current issues to help learners to relate the content to the real world. Teachers must be encouraged to expose learners to the latest developments related to the Contemporary Economic Issues.

(d)   Teachers should make the *2021 Examination Guidelines* available to all learners as this would help to check whether all aspects of the curriculum have been completed and to identify areas where the textbook is lacking the relevant information. This will prevent content gaps in the teaching-learning process.