2023

Diagnostic Report

Book 1

Together we rise!

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 2023 examinations.

5.1 PERFORMANCE TRENDS (2019–2023)

The number of candidates who wrote the Economics examination in 2023 decreased by 13 996 compared to that of 2022.

There was a pleasing improvement in the pass rate this year. Candidates who passed at the 30% level improved from 71,5% in 2022 to 74,5% in 2023. There was a corresponding improvement in the pass rate at the 40% level over the past two years from 46,9% to 49,3%.
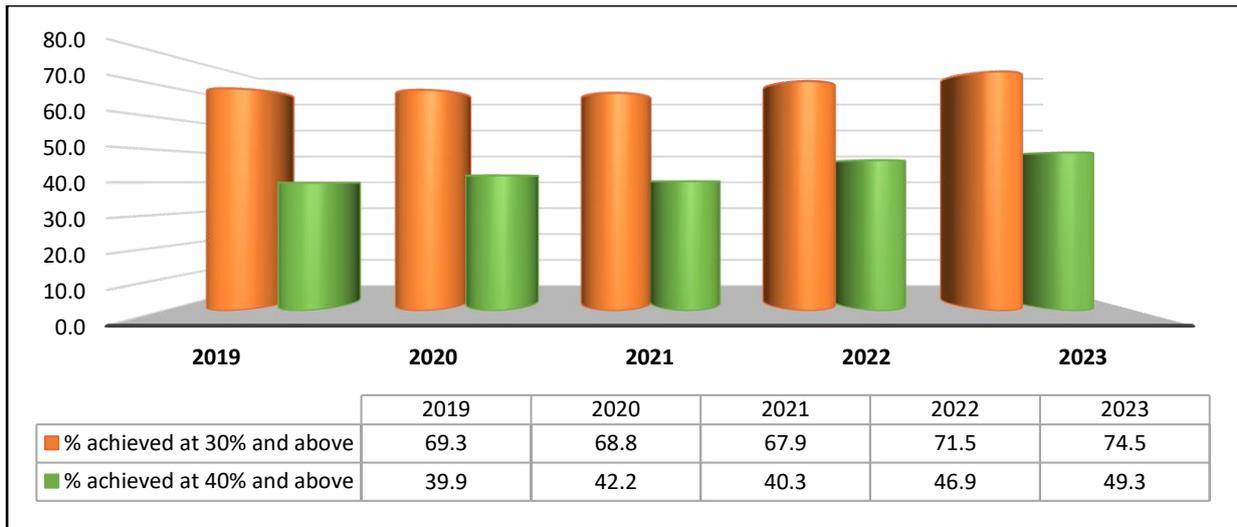
The percentage of distinctions over 80% improved from 2,0% in 2022 to 2,2% in 2023. Given the decrease in the size of the 2023 cohort, this converts into a decrease in the total number of distinctions from 2 753 to 2 721.

The various commendable intervention strategies employed by teachers, subject advisors and provincial education departments were continued in 2023. The resourcefulness and diligence of the above-average candidates also contributed to the overall improvement in the subject.
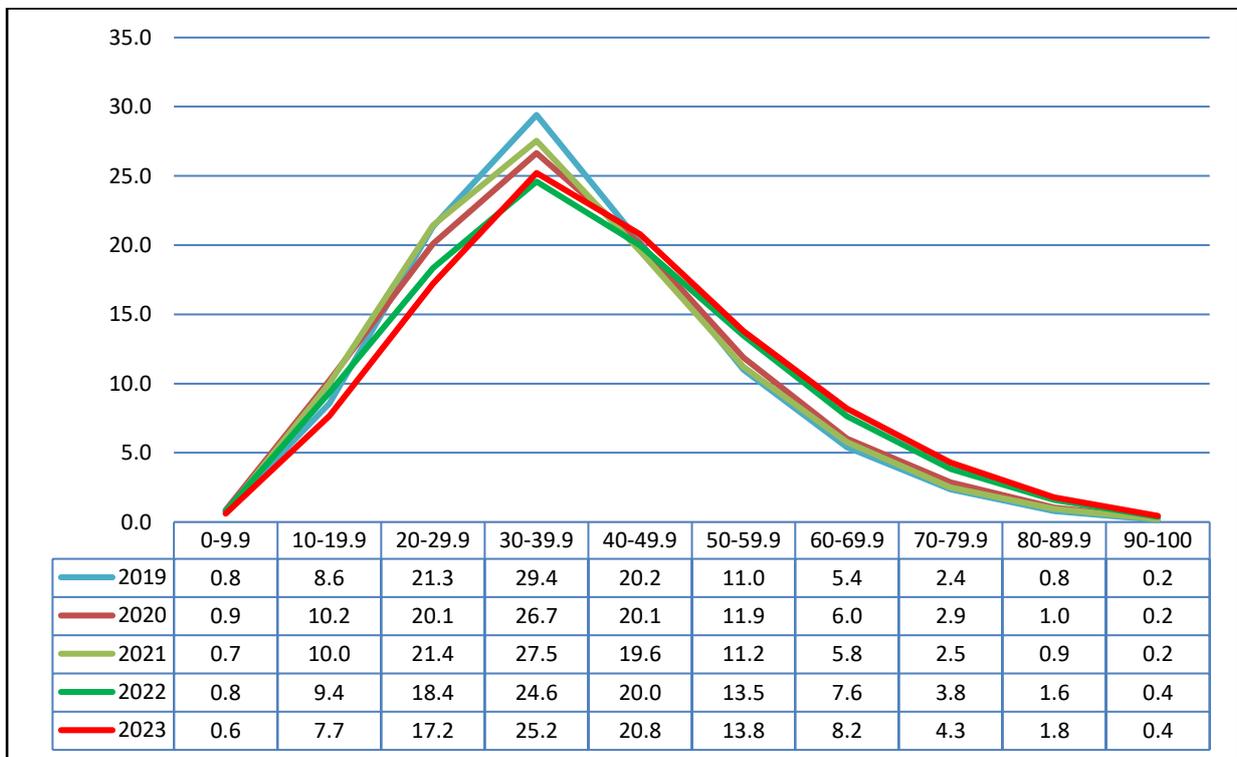
Table 5.1.1 Overall achievement rates in Economics

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
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
2022	137 657	98 414	71,5	64 559	46,9
2023	123 661	92 140	74,5	60 957	49,3

Graph 5.1.1   Overall achievement rates in Economics (percentage)

	2019	2020	2021	2022	2023
% achieved at 30% and above	69.3	68.8	67.9	71.5	74.5
% achieved at 40% and above	39.9	42.2	40.3	46.9	49.3

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
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
2022	0.8	9.4	18.4	24.6	20.0	13.5	7.6	3.8	1.6	0.4
2023	0.6	7.7	17.2	25.2	20.8	13.8	8.2	4.3	1.8	0.4

5.2   OVERVIEW OF CANDIDATE PERFORMANCE: PAPERS 1 AND 2

General comments

There has been a general improvement in the writing of essays in recent years. While there has been a marginal improvement in the 8-mark higher-order questions, the candidates were still challenged by the additional part of the essay and the drawing of graphs. The results will only improve in a meaningful and sustainable way if these areas are addressed.

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 also applied in a particular context), and Section C (where concepts form part of the introduction for the essays.) An excellent knowledge of Economics terminology will result in correct interpretation and answering of indirect questions in Sections B and C. 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 these topics perform poorly, in comparison to questions about 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 wherever 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 and Quantitative Elements, Budget, Government Intervention, Business Cycles,* and Grade 11 topics such as *Calculation of the 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 and tested.

While there has been a general improvement in the drawing of graphs over the years, the technical aspects need to be reinforced. Teachers must ensure that learners have a thorough understanding of drawing and interpretation of graphs as this aspect is regularly tested in *Microeconomics.* These skills must be regularly reinforced in Grade 10 and Grade 11. With regard to *Perfect Markets 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. This would include the correct shape, positioning and labelling of cost and revenue curves. 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 Grade 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. Candidates still lack the skill of explaining a graph even though it may be correctly drawn.

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 seemed that they had limited time to review and check their work as evidenced by some subquestions in Sections A and B being omitted.

(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 unable 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 had not covered some of the topics. Basic Economics 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   Q3.2.5   Explain the challenges in the implementation of Broad-Based Black Economic Empowerment (BBBEE)
     -   Paper 2   Q3.5   Evaluate the impact of climate change in the economy.
     -   Paper 2   Q6   Additional Part: How can South Africa's tourism profile be used promote tourism in South Africa?
   - **Exposure to different types of questions:** Many candidates were unable to answer questions with different instruction verbs and lacked the ability to unlock the knowledge in different ways.
     -   Paper 1: In response to Q5, the additional part, 'Evaluate the impact privatisation of state-owned enterprises (parastatals) on the South African economy', many candidates just explained what parastatals were instead of discussing the positive and negative impact of privatising parastatals.
     -   Paper 2: In response to Q5, the additional part, 'Compare and contrast market structures of monopolistic competition with an oligopoly in detail', some candidates responded with the incorrect market structure than the ones required.

   Skilled candidates were better able to write essays and paragraphs and offer their opinions with confidence. Such candidates were able to focus on the information that was relevant to the answering of each question.
   - **Problem-solving skills:** Candidates lacked the ability to apply their knowledge of how to solve everyday problems experienced in their own communities to the answering of some questions e.g.:
     -   Paper 1   Q2.2.5   How can The South African Reserve Bank reduce a balance of payment deficits?
     -   Paper 1   Q3.2.4   How can the government use taxation to promote business efficiency?
     -   Paper 2   Q2.1.2   How would the levying of taxes on demerit goods influence their consumption?
     -   Paper 2   Q4.3.5   How can environmental subsidies be used to ensure environmental subsidies?
   - **Language ability:** Proficiency in the language of assessment is still a drawback for many second-language candidates, however, some centres in deep rural areas produced good results compared to others in similar circumstances

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 2024 NSC examinations, all learners should have access to and make use of past NSC papers, which should include the final examination papers (2017–2023) and the supplementary examination papers (2018–2024) for clear guidance on style, format and different questioning techniques. Furthermore, teachers should refer to the *2021 Examination Guidelines* as a guide when it comes to the scope and depth of content and on how to assess learners' understanding of the specific content matter. Previous question papers and marking guidelines should be used as revision tools, but not as teaching tools, as this will encourage spotting of questions for the exams. It is critical that teaching focuses on the interpretation of questions and a clear understanding of the different instructional words.

(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 all learners – especially of those whose mother tongue is not the language of teaching and learning. Learners' understanding of terminology should be assessed on a continuous basis. *A glossary* of all concepts should be compiled for each topic. Quiz bowls, crosswords or team challenges are recommended as useful tools to assess knowledge of economic concepts. Regular classwork or homework based on definitions will ensure that learners familiarise themselves with these basic concepts.

(c) **Requirements of questions:** Teachers should ensure that learners understand the requirements of questions that might 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, Q4.2.5: 'Explain the effect of demand-side policies and supply-side policies on general price level and real output, with reference to the graph above', and in Paper 2, Q.4: 'With the aid of a well labelled graph, explain profit maximisation using total revenue (TR) and total cost (TC) curves'.

Teachers should ensure that their learners understand the phrasing of 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 illustrates this point:

Paper 2 - Q3.1.2 How does air pollution affect the environment? (2)

This is 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 points required. Furthermore, 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 more than once will ensure greater accuracy in the candidates' responses. The question should be checked constantly to ensure the response logically suits it.

Learners should be given practice in answering higher-order questions as they place advanced cognitive demands on learners and encourage them to think beyond literal answers to questions. These questions promote critical thinking skills where learners are

expected 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 apply 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. Learners should be encouraged to take the time to understand the question clearly before attempting to answer it.

Teachers need to realise that there are more interesting and creative ways to teach than by simply promoting rote learning. Techniques should include 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 requires 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: Q2.5 'How can business cycles influence the use of fiscal policy in the economy?'
   - Paper 2: Q2.5: 'How would the provision of subsidies to producers positively influence the economy?'

(e) **The importance of formative testing:** Teachers should build the confidence of learners by using 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 techniques that make assessment more effective.

     Section A Q1.1 requires candidates to write the letter of their choice (A, B, C or D) next to question numbers. However, if 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 letter in Q1.1 and Q1.2 and write the correct one next to it, instead of writing over the incorrect letter chosen. In Q1.3 teachers must stress the importance of reading the instruction, as acronyms and abbreviations will be marked incorrect as these are not accepted as per instruction.

     In Section B, 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):** The importance of the layout of the essay should be emphasised, i.e. introduction, body (main and additional part) and conclusion. There should be a clear distinction between the various sections with line spacing between them. Using subheadings is crucial as these earn marks and provide 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, the conclusion should include the learner's own opinion/an alternative viewpoint/any fact to support the body or a summary of the discussion. Teachers must encourage learners to pay attention to the essay structure guideline given in the question paper as this will enhance the layout and quality of their essay writing.

  Learners should be given the opportunity to practise the answering of essay questions at the end of a topic or chapter, either in the form of a test or as 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

- Most resources are outdated and have not been revised recently, although there have been amendments to the *Examination Guideline*s. Teachers must be encouraged to identify content gaps in their sources when interrogating the *2021 Examination Guideline*s and network with other schools, the cluster, or the subject advisor in obtaining the relevant content to supplement their resources.
- Topics earmarked as possible essays in the *2021 Examination Guidelines* should be used to prepare thoroughly for the examination. Spotting of questions underprepares candidates and leads to poor performance. In both Paper 1 and Paper 2, the content of various essay topics was covered in lower-order, middle-order and higher-order questions,
  - Paper 1 reflected a total of 57 marks of these questions (see Q1.1.6, Q1.1.8, Q1.2.3, Q1.3.2, Q1.3.6, Q2.1.2, Q2.5, Q3.3.5, Q3.4, Q4.2, Q4.3 and Q4.4).
  - Paper 2 reflected 68 marks of these questions (see Q1.2.2, Q1.2.3, Q1.2.4, Q1.3.1, Q1.3.3, Q1.3.6, Q2.1.1, Q2.1.2, Q2.2, Q2.3, Q2.5, Q3.3, Q3.4, Q3.5 and Q4.3).

5.3 DIAGNOSTIC QUESTION ANALYSIS OF PAPER 1

The performance in Section A increased slightly when compared to that of 2021. There was a decrease in performance in Q1.1 and an increase in Q1.2 and Q1.3. In Section B, candidates performed better in Q2. In Section C, while Q5 showed an improvement, there was a significant drop in Q6.

The following graph is based on data from a random sample of candidates' scripts. 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
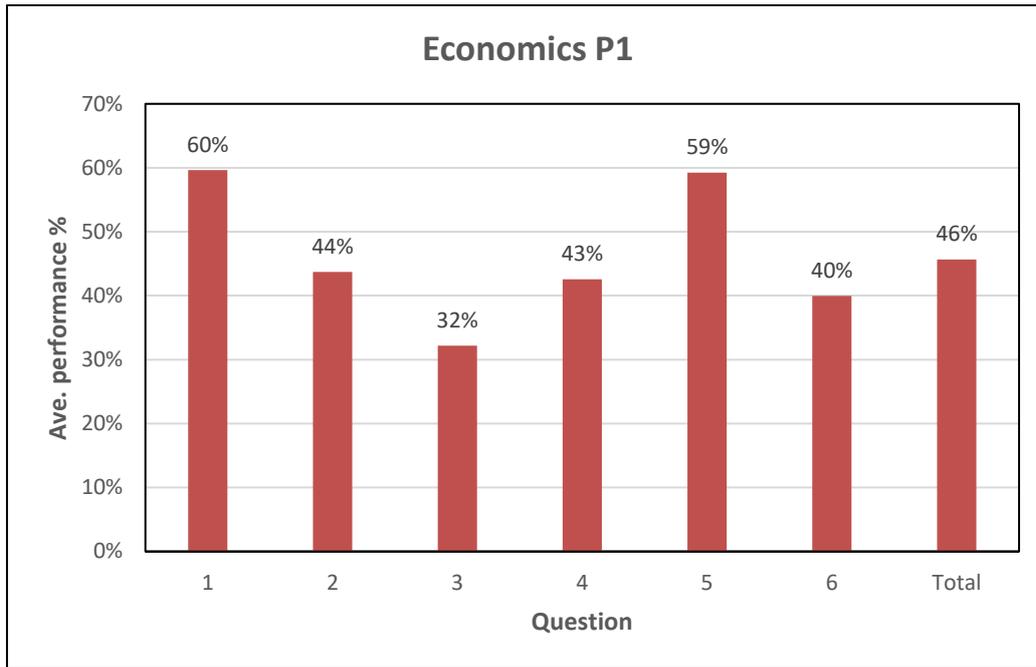
Economics P1

Q	Topics
1	Objective questions
2	Macroeconomics
3	Economic pursuits
4	Macro and pursuits
5	Macroeconomics
6	Economic pursuits

Graph 5.3.2   Average performance per sub-question in Paper 1
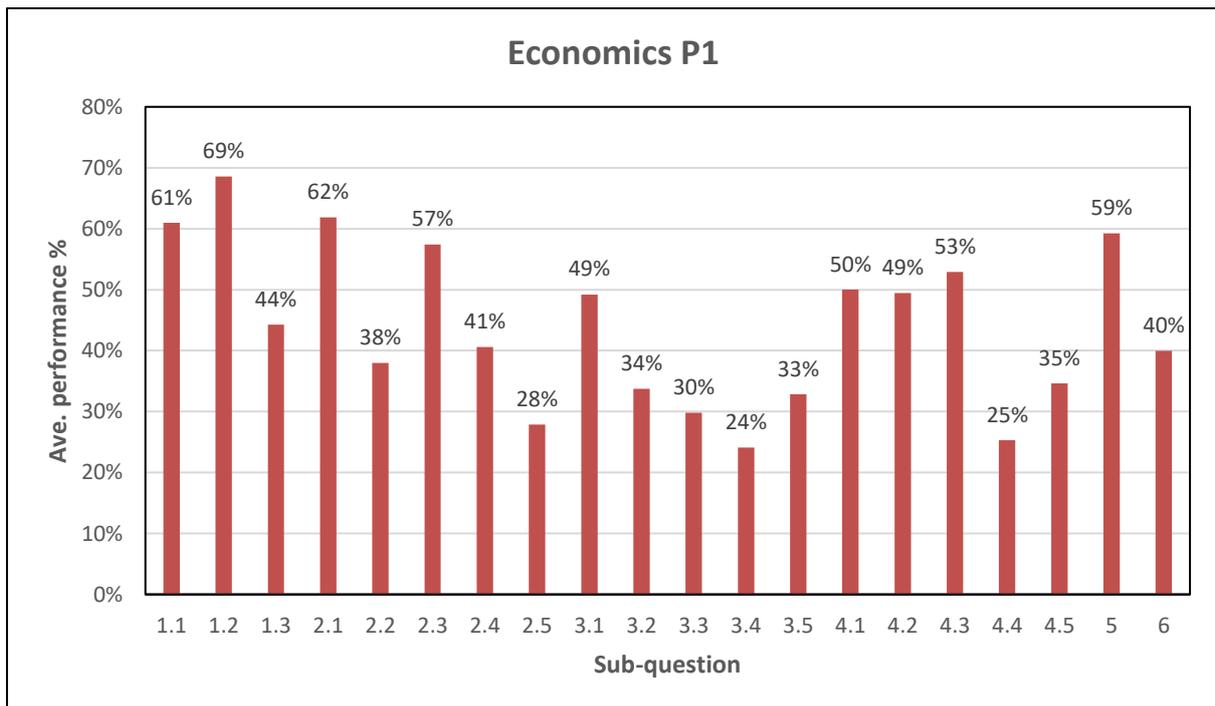
Economics P1

Sub-Q	Topic	Sub-Q	Topic
1.1	Multiple choice	3.3	Incentives to encourage industrial development
1.2	Matching	3.4	Economic Indicators
1.3	Give a term	3.5	Economic Growth and development
2.1	Factors of Production & Business Cycles	4.1	North and South Divide
2.2	Balance of payments	4.2	Business Cycles
2.3	National Account Aggregates	4.3	Economic Indicators
2.4	International Trade	4.4	South Africa's endeavours
2.5	Business Cycles	4.5	Circular Flow
3.1	Public Sector and Industrial Development	5	Public Sector
3.2	Industrial Development	6	Export Promotion

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

QUESTION 1: MACROECONOMICS AND ECONOMIC PURSUITS

Most candidates achieved moderate results in Q1. The performance of candidates ranged from excellent to poor. Some candidates attained full marks, while others did not even attempt to answer some of the questions, despite the fact that Q1 is a compulsory question.

Common errors and misconceptions

(a)   In Q1.1 a lack of content knowledge led to many candidates being unable to choose the correct alternative. Poor performance was recorded in Q1.1.1, Q1.1.2, Q1.1.5 and Q1.1.6.

(b)   The majority of candidates performed well in Q1.2 and there were candidates who managed to obtain full marks for this question. The implication is that candidates perform better if they are provided with few concepts from which they may choose. However, poor performance was recorded for Q1.2.2 which required knowledge of the *monetarist theory* and Q1.2.5 which required knowledge of both *monetary* and *fiscal policies*.

(c)   In Q1.3 most candidates performed poorly compared to Q1.1 and Q1.2. Candidates performed poorly in most of the items, hence an average of 44%.
Lack of understanding of economic terminology and concepts led to poor performance in this question.

Suggestions for improvement

(a)   Short formative tests on basic concepts are recommended to ensure that learners become familiar with economics terms and concepts.
Assessment on short questions should cover a class test, or any type of assessment such as a quiz or a word puzzle. This would assist learners to memorise concepts. Teachers may also randomly ask questions during the lesson as this will ensure that learners are engaged and participate in the lesson.

(b)   Commence each lesson by testing concepts that were taught in the previous lesson. Continuous and constant revision of concepts and terminology is strongly advised. 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.

(c)   Learners should be encouraged to create their own glossary for each chapter. They may keep a separate book/document containing all the terms they have to study. Use informal concept tests to reinforce these concepts. Make use of flashcards, '30-seconds game' for Economics, etc.

(d)   Subject advisors should monitor the teaching of Economics concepts by checking activities in learners' books during their school visits.

QUESTION 2: MACROECONOMICS

Common errors and misconceptions

(a)   Q2.1.2 The candidates' performance in this question was below 50%. The word, 'Why' was misinterpreted by the candidates. They explained *inflation* and *business cycle* independently without showing the correlation between the two.

(b)   Most candidates performed poorly in Q2.2.2, Q2.2.3 and Q2.2.5 that were based on *Balance of Payments*.

(c)   Poor performance was observed in Q2.3.3, based on *subsidy on production*, highlighting a fundamental misunderstanding of economic concepts.

(d)   In Q2.3.4 candidates misinterpreted the word 'Why' and as a result, low performance was registered in the question.

(e)   Candidates' responses in Q2.3.5 showed a lack of knowledge of how to calculate *GVA* at basic prices.

(f)   A fair percentage of the candidates misinterpreted Q2. They were unable to distinguish between *specialisation* from *Mass production*, hence they struggled to discuss its effects on international trade. Most candidates simply discussed reasons for international trade.

(g)   Candidates failed to link *cyclical changes* (upswing and downswing) with *fiscal policy* which is one policy used to smooth out cyclical patterns in the business cycle. Responses predominantly focused on describing fiscal policy rather than addressing its adaptation to varying economic conditions. Some wrote about government increasing or decreasing tax without linking it to the period in the business cycle.

Suggestions for improvement

(a)   Teachers need to use the *2021 Examination Guidelines* when preparing lessons to cover all aspects that are required for a topic. The information on tax tables and calculations is available in the *StatsSA* publication and must be used in class for practical purposes.

(b)   Teachers should teach learners the importance of *National Accounts Aggregates* when teaching different methods used to calculate GDP.

(c)   A variety of tables should be discussed during class time. Team teaching, outsourcing and workshops should be encouraged.

(d)   Learners need to be guided on how to interpret and respond to the cognitive demands of a question, especially higher-order questions.

(e)   Subject advisors need to support teachers by developing content-based documents that

address challenging topics. Workshops based on content knowledge should be organised for newly appointed teachers and for those with content knowledge gaps.

(f)   The use of print media and current economic issues should be linked to content to develop a better understanding and appreciation of the content. Topics such as *budgets*, *public sector*, *business cycles* can easily be linked to current economic conditions to enhance teaching and learning.

QUESTION 3: ECONOMIC PURSUITS

Common errors and misconceptions

(a)   In Q3.1.2 candidates performed poorly as they lacked content knowledge on the topic *Integrated Manufacturing System (IMS)* and as a result, failed to explain how it related to the promotion of industries in South Africa.

(b)   Candidates failed to give a measure to improve efficiency in the market in Q3.2.2. Some incorrectly mentioned different market structures such as *Perfect Market and Monopoly*

(c)   Q3.2.3 many candidates demonstrated poor performance, which indicated a lack of understanding of the concept *economic development.*

(d)   A fair percentage of candidates performed poorly in Q3.2.4, highlighting a challenge in understanding the role of taxation in promoting business efficiency. In addition, the use of taxation by government to promote business efficiency was a challenge.

(e)   A significant number of candidates failed to name the financial incentive provided by the government in Q3.3.2. Candidates mentioned incentives and subsidies as responses, hence poor performance in the question.

(f)   In Q3.3.4, candidates struggled to explain the importance of the manufacturing sector to the economy, which reflected little understanding of the role of the manufacturing sector in the economy.

(g)   The question was poorly answered because candidates mentioned successes as opposed to failures(negatives) in Q3.3.5

(h)   Candidates were unable to analyse the impact of low economic growth on the South African economy in Q3.5.

Suggestions for improvement

(a)   *Economic Pursuit* should be taught and assessed thoroughly. This will assist and instil confidence in learners when responding to the question. Practical and real-life situations (current economic issues) should form part of teaching to make lessons more meaningful to learners.

(b)   Learners should be guided on the interpretation of questions. In-depth content knowledge by the subject teacher is important. This will assist learners to analyse, synthesise, make their own judgements and build confidence in responding to higher-order questions.

(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* and *how* types of questions to enable learners to think beyond typical textbook knowledge.

(e)   Subject advisors need to support teachers by developing content-based documents that address challenging topics. Data-response activities that can be used as formative assessment in the classroom should be collated.

QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS

Common errors and misconceptions

(a)   Many candidates misinterpreted Q4.1.1 where characteristics of countries in the north were mentioned as opposed to those in the south. Names of countries like Botswana, Lesotho, Swaziland were given as responses hence candidates lost marks. This led to poor performance in the question.

(b)   Poor performance was also evident in Q4.2.4 as candidates failed to explain the specific ways in which competitive forces encourage firms in stimulating *aggregate supply*. Candidates wrote about consumers having wider choices in the market.

(c)   In Q4.2.5 most candidates wrote the answer by referring to the shifts from AD-to-AD[1] and AS to AS[1]. They did not mention price increases. They did not realise that this referred to the *economic paradigm*. Some candidates drew the graph from the question paper instead of explaining it.

(d)   Q4.3.4 proved to be a challenge for candidates as they explained the concept *malnutrition* in general terms and struggled to explain its impact on child mortality rate.

(e)   Many candidates were unable to provide a response to the importance of the size of population to business or government in Q4.3.5. Responses related to an increase in demand for goods without specific reference to the participants as per the requirement of the question.

(f)   The candidates performed poorly in Q4.5 because they were unable to analyse the relationship between the financial sector and other participants in the circular-flow model. Answers were merely listed and most of them did not even attempt to answer this question.

Suggestions for improvement

(a)   Content mapping must be done at school to identify the concepts that are across Grades 10–12 so that these concepts can be covered in detail.

(b)   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. Print media and video clips can be used to clarify content

(c)   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.

(d)   Application of knowledge should form part of daily teaching. Learners should be taught to make their own judgements based on particular content. Different forms of discussion from debate to case study may be used during lessons to argue and make opinion-based decisions.

(e)   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 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.

QUESTION 5: MACROECONOMICS

Common errors and misconceptions

(a)   In response to the essay, some candidates misinterpreted the question and wrote on the reasons for public sector failure instead of on the objectives of the public sector.

(b)   The writing of the introduction and the conclusion seem to be a challenge to some candidates as they leave blank spaces or write irrelevant information.

(c)   Mere listing of facts was also noted in most candidates' responses which deprived them of marks. Candidates confused *price stability* with *exchange rate stability* in their discussion.

(d)   The additional part of the essay is of a higher cognitive demand ~~order~~ and allocated 10 marks. Some candidates failed to obtain the maximum of 10 marks because they could not evaluate the impact of privatisation of state-owned enterprises on the South African Economy. Candidates mentioned reasons for privatisation of state-owned enterprises. Some gave examples such as ESKOM and SABC. The instructional verb 'evaluate' was misinterpreted hence poor performance in this section of essay.

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 knowledge.

(b)   The use of the *2021 Examination Guidelines* is highly encouraged as it serves as a fundamental document for teachers to thoroughly prepare learners for essays that might appear in the question paper. In teaching this topic some elements of real-life situations should form part of the lesson to create meaningful classroom discussions.

(c)   Teachers must give attention to guiding learners in the writing of introductions, bodies and conclusions, when dealing with essay questions

(d)   Teachers should expose learners to past 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)   Some candidates included reasons for international trade which was irrelevant. Candidates tend to repeat data from the from the main part of the essay without answering the question.

(b)   Candidates confused *export promotion* and *import substitution* in the main part of the essay.

(c)   Mere listing of facts and irrelevant information was noted in the discussion.

(d)   Most candidates performed poorly in the additional part of the question as they could not explain how South Africa could benefit from being part of other trade protocols. The linking of two variables within a question seemed to provide a challenge for most candidates.

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 time should be used to teach areas that prove to be challenging for learners.

(b)   When teaching the essays, teachers should highlight the importance of mentioning subheadings as marks can be awarded for such, including examples (1 mark per subheading or example).

(c)   Different methods of teaching, such as case studies, classroom discussions and debates may be used to make discussions more meaningful in relation to policies. Teachers should have full knowledge about recent economic information and discuss this regularly in class.

(d)   Teachers are urged to use the *2021 Examination Guidelines* which clearly indicates 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.

(e)   Subject advisors need to monitor that assessment tasks contain a balance of all the cognitive levels. Workshops on cognitive levels and levels of difficulty should form part of content workshops conducted during the year.

5.5   DIAGNOSTIC QUESTION ANALYSIS OF PAPER 2

The performance in Section A showed a substantial improvement when compared to that of 2022. In Section B, candidates performed marginally better in Q2. However, there was a decline in the candidates' performance in Q3 and Q4. In Section C, there was a marginal decline in Q5 when compared to 2022. There was a satisfactory improvement 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' scripts. 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
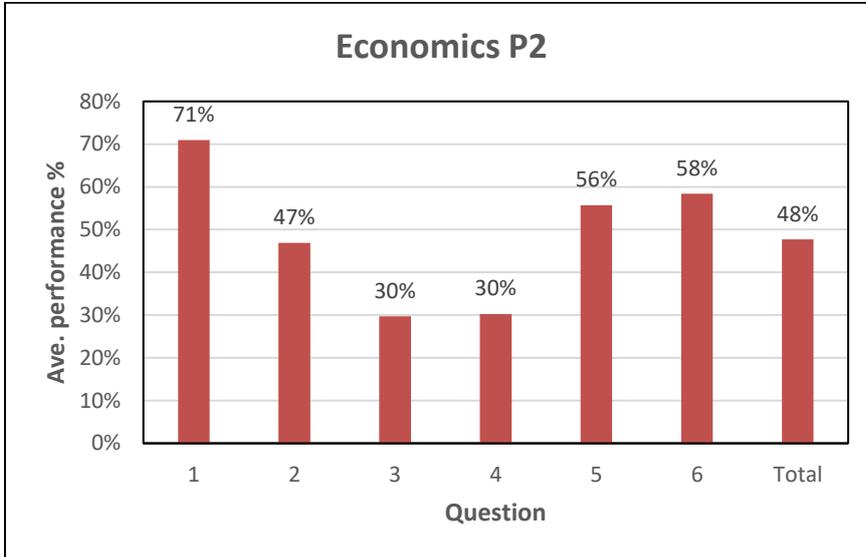
Q	Topic/s
1	Objective questions
2	Microeconomics
3	Contemporary economic issues
4	Microeconomics and contemporary economic issues
5	Microeconomics
6	Contemporary economic issues

Graph 5.5.2   Average performance per subquestion in Paper 2
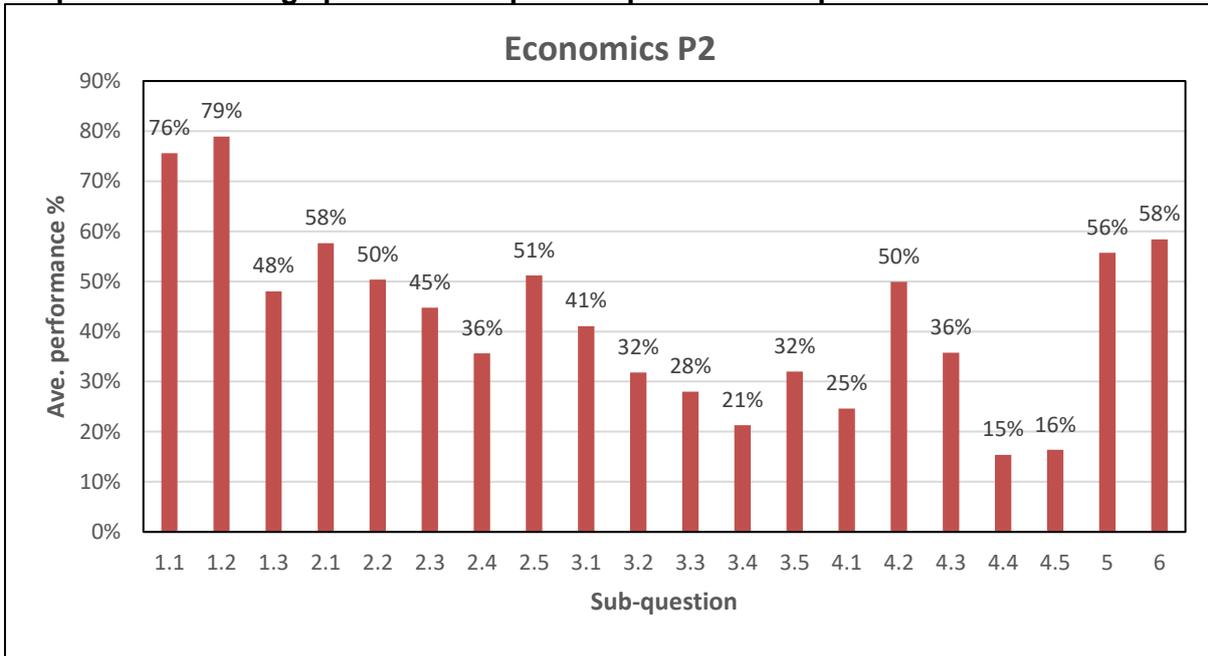
Sub-Q	Topic	Sub-Q	Topic
1.1	Multiple choice	3.3	Environmental problems
1.2	Matching	3.4	Consequences of inflation
1.3	Concepts	3.5	Impact of climate change
2.1	Non-price competition/Demerit goods	4.1	Redress methods to redistribute wealth
2.2	Perfect market equilibrium positions	4.2	Cost Benefit Analysis
2.3	Minimum Wages	4.3	Environment Sustainability
2.4	Institutions promoting competition	4.4	Profit Maximisation- graph & explanation
2.5	Producer subsidies	4.5	Evaluate success of Inflation targeting
3.1	Core inflation/air pollution	5	Compare and contrast monopolistic competition with an oligopoly
3.2	Inflation	6	Effects of tourism

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 in the multiple-choice and matching questions. In Q1.3 it was evident that candidates still struggled with concepts and often confused related concepts. Overall, there was an increase from the previous year. The performance of candidates ranged from excellent to poor. Some candidates attained full marks, while a few did not even attempt to answer some of the questions.

Common errors and misconceptions

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

(b)   Poor performance can be attributed to the misunderstanding between *producer price index* and *weighted index* in Q1.2.5 and 1.2.6 respectively as candidates switched the matching statements for these two questions.

(c)   Confusion between concepts in Q1.3.3 was evident as many candidates gave *minimum price,* instead of *maximum price* as the answer.

(d)   In Q1.3.4 a fair percentage of candidates wrote the abbreviation *IKS* instead of *Indigenous Knowledge Systems.* This could be attributed to candidates not reading the instructions to the question.

(e)   Instead of writing *marketable permit* in Q1.3.6, some candidates wrote *market permit/permit* which means something different to *marketable permits.*

Suggestions for improvement

(a)   Emphasis on distinguishing between the related concepts such as *minimum prices and maximum prices* is essential in avoiding confusion. There is also some confusion among candidates who use 'lowest' price to describe maximum prices
Maximum price is a limit or cap on a price set by a government or an organisation – it is the highest price that can be set by producers. A price below the maximum is acceptable, and no intervention would follow.

Similar to *minimum prices*, it is the lowest price set by a government or an organisation. Maximum prices are called *price ceilings*, the highest price at which a producer could sell, and minimum prices are called *price floors*, the lowest price at which a producer could sell.

(b)   Definitions and concepts should be emphasised. The use of a glossary should form the basis of the teaching and learning of Economics.

(c)   Teachers are encouraged to spend time reading the instructions to the learners, especially those in Q 1.1.3.

(d)   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)   In Q2.1.2 many candidates failed to interpret the question fully as they discussed *taxes on demerit goods* without relating it to *consumption*.

(b)   A fair percentage of candidates were unable to describe the term *marginal revenue* as it was confused with *marginal cost* in Q2.2.3.

(c)   Answers to Q2.2.4 suggested that candidates did not fully understand the concept *shut-down point.* It was described as though the business was making a loss, which is incorrect. Candidates' answers failed to include any reference to *average variable cost* which is crucial to explaining why a business will shut down.

(d)   Most candidates misunderstood the requirements of Q2.2.5. They calculated *economic profit* instead of *total revenue* only.

(e)   In Q2.3.3 many candidates described *public sector failure* instead of *market failure* as their answers related to the government failing.

(f)   Most candidates had great difficulty in interpreting Q2.3.4. Candidates explained what *imperfect competition* was, instead of providing reasons why government should prevent *imperfect competition*.

(g)   Conceptual confusion and question interpretation was evident in Q2.3.5. Candidates' responses leaned towards employees instead of employers. *Minimum wages* were interpreted as low wages which disadvantaged workers and advantaged employers. The converse is true.

(h)   In Q2.4 candidates confused the roles of the different institutions which promote competition. Incorrect responses included *objectives of the competition policy*.

Suggestions for improvement

(a)   Misinterpretations of questions seem too common among candidates. Attempting past papers and unpacking a question in terms of what is required would help learners to write what is relevant to the question, especially for the 2-mark, 4-mark and 8-mark questions. Key words within the question should be underlined so that learners can respond to the requirements of the question

(b)   A clear distinction must be made between similar or related concepts such as *marginal revenue* and *marginal cost, average revenue* and *average cost*, *market failure* and *public sector* failure, *production* and *productivity.* Knowledge of these concepts will enhance question interpretation.

(c)   Terminology related to cost and revenue must be emphasised from as early as Grade 11.

(d)   While the practice of drawing and labelling graphs is essential to learners' understanding of various concepts and content related to a topic, teachers should also encourage learners to provide explanations of given graphs on a regular basis. Credit must be given to explanations related to the graph.

(e)   Subject advisors, through teacher development, should develop more material on *market structures* and *market failures.* It is evident from candidates' responses that teachers need support in this section.

QUESTION 3: CONTEMPORARY ECONOMIC ISSUES

Common errors and misconceptions

(a)   In Q3.1.1 candidates were unable to provide goods that were excluded in the calculation of core inflation. Responses included merit goods, demerit goods and bread.

(b)   Many candidates performed poorly in Q3.2.2. While they demonstrated knowledge of the different monetary policy instruments, candidates failed to link the correct instrument to the selling of government bonds. Some responses referred to the *cash reserve requirements.*

(c)   In Q3.2.3 many candidates explained *administered price inflations* as prices set by the government without reference to the inflation part of the concept.

(d)   A fair percentage of candidates in Q3.2.4 discussed the impact of an oversupply of money in a positive sense instead of a negative sense. Responses were illogical. Some responses referred to benefits to creditors instead of debtors.

(e)   In Q3.3.2 many candidates confused *Stockholm Protocol* with *Kyoto Protocol* and ignored the phrase 'one other international measure' in the question. Some candidates confused international measures with international conferences on climate change as their responses included COP17 and the Johannesburg summit.

(f)   Q3.3.5 was poorly answered as it was evident that the question was misunderstood. Responses included actions by individuals and businesses that were harmful to the environment instead of focusing why international measures had failed.

(g)   Many candidates described taxpayers and industrial peace in Q3.4, without relating them to the consequences of inflation. Some did not respond to the consequence on industrial peace at all.

(h)   While Q3.5 was satisfactorily answered, many candidates failed to interpret the verb 'evaluate' as responses were all negative.

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 Deterioration* thoroughly in Grade 11 as a large part of the content overlaps with the Grade 12 topic, *Environmental Sustainability*. Assessment should also be comprehensive to give learners a head-start in Grade 12. This will allow for more time to teach 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. These 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. 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.

(c)   The importance of infusing current economic issues in lessons cannot be over-emphasised, especially where content can be linked to real-life issues. Issues relating to *sustainability* and *climate change* can be easily linked to COP discussions such as COP28 that took place in Dubai (December 2023). Countries have committed to reduce their reliance on fossil fuels and move towards a *climate neutral energy system*.

(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/topics whenever possible. Teachers are encouraged to set their own higher-order questions, to extend the engagement and knowledge acquisition of the learners in their respective classes. They should realise that textbooks are not adequate in providing all relevant and current responses to questions. Teachers are encouraged to use other relevant resources that will give more information to supplement textbook information.

(e)   Sufficient informal activities on high-order questions are crucial in preparing learners for subsequent formal assessment tasks. These cognitive verbs must be unpacked with learners to improve and understand the requirements of a question.

QUESTION 4: MICROECONOMIC/CONTEMPORARY ECONOMIC ISSUES

Common errors and misconceptions

(a)   In Q4.1.1 many candidates confused *traditional* methods with *redress* methods to redistribute wealth. Responses included *taxation* and *public services* instead of *affirmative action*, *land restitution* and *Broad Based Black Economic Empowerment*.

(b)   A fair percentage of candidates could not describe the term *social cost* in Q4.2.3. They confused it with *external cost* or *negative externality* as responses related to the cost to third parties who are not involved in production.

(c)   Candidates' responses in Q4.2.5 indicated confusion in the application of the *Benefit Cost Ratio* formula as many candidates calculated the cost to benefit ratio instead of benefit to cost ratio. In addition, rounding off to one decimal place seemed a challenge for some learners.

(d)   In Q4.3.5 most candidates explained what *environmental subsidies* were. They were not able to explain how *environmental subsidies* ensure *environmental sustainability*.

(e)   Some candidates labelled the *Total Revenue* curve and *Total Cost* curve incorrectly in Q4.4, although the shape of the curves was correct. This compromised the interpretation of *profit maximisation* correctly.

(f)   In Q4.5 many candidates were unable to evaluate the success of *inflation targeting*. They were only able to discuss *inflation targeting* and the use of monetary and fiscal policy in combating inflation.

Suggestions for improvement

(a)   A major contributing factor to poor performance is the incorrect interpretation of the question due to a lack of 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.

(b)   A clear distinction between *private cost, external cost* and *social cost* (which is the sum of *private cost* and *external cost)* must be emphasised to avoid confusion. The same applies to *private benefit, external benefit* and *social benefit*. These concepts can be consolidated further by explaining them in relation to the *externality* graphs.

(c)   Teachers should focus on the formula and its application thereof to avoid confusion. If the answer is greater than 'one' then the benefits are greater and if the answer is smaller than 'one' then the costs are greater.

(d)   Teachers must expose learners to adequate practice in the drawing of graphs and the correct labelling of curves, as this will aid in the correct explanation of the graph.

(e)   Learners must be trained to analyse questions. A fundamental problem in misinterpreting questions is a lack of understanding of the terminology contained within the question. This compromises the learners' ability to apply the information within a given context.

(f)   Teachers must spend time explaining the instructional verbs in the *2021 Examination Guidelines* to learners in detail. Learners should clearly understand the expectations of these verbs, especially in relation to higher-order questions.

(g)   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. A mere listing of facts without an explanation in context will earn only 2 marks, instead of the full 8 marks.

QUESTION 5: MICROECONOMICS

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

Common errors and misconceptions

(a)   The following common errors were identified in the main part of the essay:
   •   Some candidates responded with the incorrect market structure than the ones

required. *Monopolistic competition* was confused with *Monopoly*.

- The majority of the candidates responded in tabular form which encouraged candidates to explain the distinguishing criteria in one word only instead of full sentences.
- Listing of characteristics instead of explanations was evident in a fair percentage of candidates' responses.

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(b) Most candidates performed poorly in the additional part of the essay. Types of *collusion* with examples were discussed instead of evaluating the advantages and disadvantages of *collusion*.

(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. Some candidates repeated content from the introduction and the body in the conclusion.

Suggestions for improvement

(a) Teachers must assess learners regularly on essay questions by focusing more on the structure of essays. Teachers should focus on the additional part and the conclusion of the essay – these areas have been identified as problematic for many learners.

(b) Subject advisors/Cluster leaders should provide adequate support and material that would help learners to deal with challenging topics, e.g. graphs.

(c) Teachers should ensure that learners are able to interpret questions correctly to avoid irrelevant information being included in their responses. Learners should be exposed to different questions on the same topic and guided on the interpretation of questions. In this regard, learners should practise how to identify the key issues to be discussed.

(d) Learners should be encouraged to 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.

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES

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

Common errors and misconceptions

(a) Many candidates discussed *the benefits of tourism* instead of *the effects of tourism*. These compromised candidates' responses as answers were focused only on the positives instead of both negative and positive aspects of tourism. This suggested a lack of adequate preparation and spotting for the examination.

(b) The mere listing of facts instead of full explanations was evident in the main and additional part of the essay.

(c) The additional part of the question was not answered well. Candidates could not relate South Africa's tourism profile to promoting tourism. Some discussed the reasons for growth in tourism.

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 lead to some teachers rushing through the last few modules and not spending enough 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 body of the essay. During revision sessions, teachers should constantly remind learners of the guideline in the question paper regarding the conclusion to the essay.

(c) Learners must be exposed to current affairs/news/events on a continuous basis from Grade 10. SBA tasks should be prepared based 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 them to check whether all aspects of the curriculum have been completed and to identify areas where the textbook lacks the relevant information. This will prevent content gaps in the teaching-learning process. It will provide opportunities for the teacher to set small tasks for learners to research and can be given as part of regular homework.

(e) Most resources are outdated and have not been revised recently. There have been amendments to the *Examination Guideline*s. Teachers must be encouraged to identify content gaps in their sources when interrogating the *2021 Examination Guideline*s and network with other schools, the cluster, or the subject advisor in obtaining the relevant content to supplement the resources.