

**GAUTENG DEPARTMENT OF EDUCATION
PROVINCIAL EXAMINATION
JUNE 2018
GRADE 10**

**ECONOMICS
PAPER 2**

TIME: 1½ hours

MARKS: 100

11 pages

**GAUTENG DEPARTMENT OF EDUCATION
PROVINCIAL EXAMINATION**

**ECONOMICS
(Paper 2)**

TIME: 1½ hours

MARKS: 100

INSTRUCTIONS AND INFORMATION

- 1 Answer THREE questions as follows in the ANSWER BOOK:

SECTION A: COMPULSORY
SECTION B: Answer any ONE of the two questions.
SECTION C: Answer any ONE of the two questions.
- 2 Answer only the required number of questions. Answers in excess of the required number will NOT be marked. Only the FIRST question in each section will be marked.
- 3 Number the answers correctly according to the numbering system used in this question paper.
- 4 Write the question number above each answer.
- 5 Read the questions carefully.
- 6 Start EACH question on a **NEW** page.
- 7 Leave 2 – 3 lines between subsections of questions.
- 8 Answer the questions in full sentences and ensure that the format, content and context of your responses comply with the cognitive requirements of the questions.
- 9 Use only black or blue ink.
- 10 You may use a non-programmable pocket calculator.
- 11 Write neatly and legibly.

SECTION A (COMPULSORY)**QUESTION 1****20 MARKS – 15 MINUTES**

1.1 Various options are provided as possible answers to the following questions. Choose only the correct letter (A – D) next to the question number (1.1.1 – 1.1.5), in the ANSWER BOOK, for example 1.1.6 D

1.1.1 A perfect market is characterized by ...

- A differentiation of products.
- B imperfect information of products.
- C homogenous products.
- D unique products.

1.1.2 The curve that shows all the different combinations of two products, which will provide consumers with equal levels of satisfaction.

- A Budget.
- B Indifference.
- C Supply.
- D Production possibility.

1.1.3 A complementary product of bread is ...

- A rice.
- B sweets.
- C butter.
- D flour.

1.1.4 When a minimum wage is instituted in an economy, it usually results in ...

- A a surplus in labour.
- B a higher demand in labour.
- C a shortage in labour.
- D lower wages than the market would provide.

1.1.5 A price ceiling sometimes causes an inefficient allocation of resources owing to the fact that it leads to ...

- A surplus.
- B a riot.
- C a boycott.
- D a shortage.

(5x2) (10)

- 1.2 Choose a description from COLUMN B that matches an item in COLUMN A. Write only the letter (A – G) next to the question number (1.2.1 – 1.2.6) in the ANSWER BOOK.

COLUMN A	COLUMN B
1.2.1 Indirect taxes	<p>A The quantity at which all the goods supplied is sold and the demand is completely satisfied at a particular price.</p> <p>B A tax levied on goods and services rather than on income and profits.</p> <p>C A graph that shows the combinations of two products that can be produced using all the available resources efficiently.</p> <p>D Goods that the state provides to improve the welfare of citizens.</p> <p>E The level of satisfaction that one receives after consuming a product</p> <p>F The worldwide economic interfacing with trade as an important element.</p> <p>G The value of the alternative that you did not choose and gave up or sacrificed when you had to make a choice.</p>
1.2.2 Opportunity cost	
1.2.3 Globalisation	
1.2.4 PPC	
1.2.5 Equilibrium quantity	
1.2.6 Merit goods	

(6x1) (6)

1.3 Give ONE term for each of the following descriptions. Write only the term next to the number (1.3.1 – 1.3.4) in your ANSWER BOOK. Acronyms and abbreviations are not allowed.

1.3.1 A state hospital is part of this sector

1.3.2 The study of the behavior of individual decision-making units.

1.3.3 A sum of money granted by the government to assist a business so that the price of the goods or services may remain low.

1.3.4 The satisfaction that a consumer derives from each additional product he / she consumes. (4x1) (4)

SECTION A: 20

SECTION B

Answer ONE of the two questions in this section in the ANSWER BOOK.

QUESTION 2: MICRO-ECONOMICS

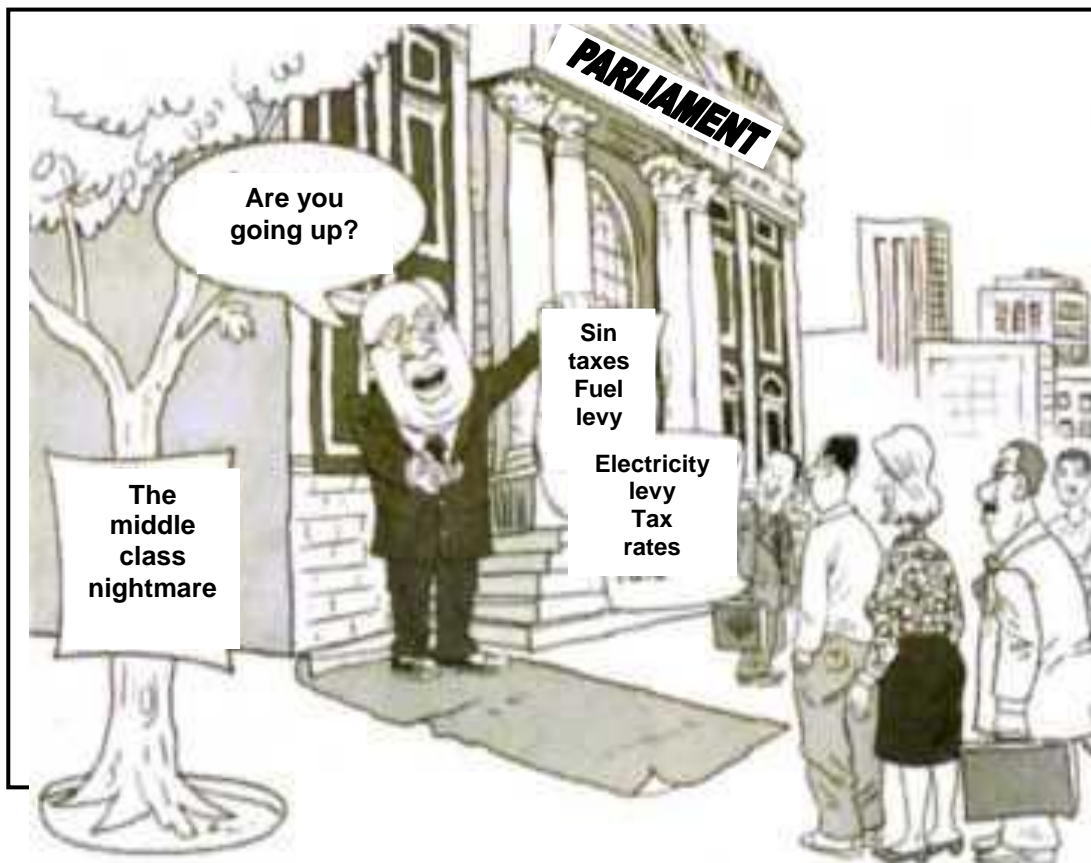
40 MARKS – 30 MINUTES

2.1 Answer the following questions:

2.1.1 Give TWO functions of markets. (2x1) (2)

2.1.2 What is market equilibrium? (1x2) (2)

2.2 Study the cartoon below and answer the questions that follow.



2.2.1 Suggest the event for which this cartoon was drawn. (1)

2.2.2 Suggest the event for which this cartoon was drawn. (1)

2.2.3 Describe the type of taxes being depicted in the cartoon and briefly discuss the man's words 'going up' regarding these taxes. (4)

2.2.4 Discuss TWO reasons why government has put a zero-rating for VAT on basic foodstuffs. (4)

2.3 Study the following table and answer questions that follow:

QUANTITY OF HOT DOGS	MARGINAL UTILITY	TOTAL UTILITY
0	0	0
1	50	50
2	A	95
3	20	115
4	10	125
5	0	125
6	-10	B

- 2.3.1 Which hot dog gives the greatest satisfaction? (1)
- 2.3.2 Identify which hot dog gives no extra satisfaction when consumed. (1)
- 2.3.3 Calculate the values **A** and **B**. (4)
- 2.3.4 Use the information from the above table and draw a clearly labelled marginal utility graph. (4)
- 2.4 Distinguish clearly between **price ceilings** and **price floors**. (4x2) (8)
- 2.5 Briefly discuss the reasons why the state grants subsidies. (8)
- (40)**

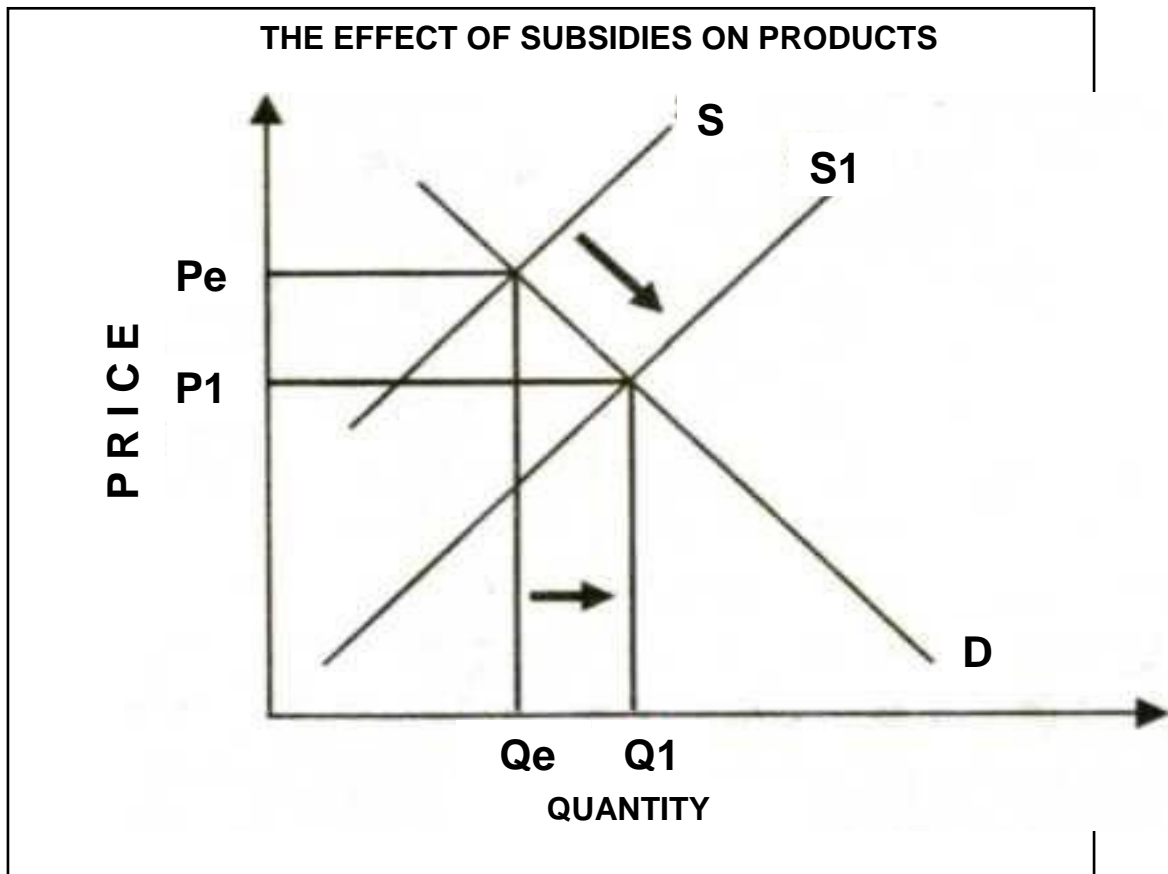
QUESTION 3: MICRO-ECONOMICS

40 MARKS – 30 MINUTES

3.1 Answer the following questions:

- 3.1.1 State any TWO characteristics of utility. (2x1) (2)
- 3.1.2 How does the law of diminishing marginal utility affect the quantity consumed? (1x2) (2)

3.2 Study the graph below and answer the questions that follow.



- 3.2.1 Describe the slope of the supply curve. (1)
- 3.2.2 Identify the quantity produced before the subsidy was issued. (1)
- 3.2.3 Describe what has happened to the price and quantity in the graph above. (4)
- 3.2.4 Explain the **law of supply**. (4)

3.3 Read the following case study below and answer the questions that follow.

Of course if you're a monopoly owner of all minibus taxis in South Africa, it's a different story – you can increase taxi fares and tell your passengers to 'suck' it up, like the Airports Company South Africa (ACSA) is doing.

Like most monopolies. ACSA talks a lot about "customer-focused service" – but its actions demonstrate its contempt for its customers. One needs to look no further than the airline industry to see the benefits of introducing competition into the market – not everybody may like low-cost carriers like Kulula and 1Time, but they have given people the option to choose and, together with price comparison sites, South African tour operators have driven airline fees down drastically. Competition has transformed the airline industry, yet a regulated monopoly continues to deliver abject service, endless waits for baggage, high levels of theft, airport security lapses and frequent waits for the arrival of disembarkation equipment.

Source: <http://www.southafrica.to/transport/Airports/ACSA-monopoly>

- 3.3.1 What does the acronym **ACSA** stand for? (1)
- 3.3.2 Name ONE strategy, according to the case study, that has changed the airline industry. (1)
- 3.3.3 The writer states that: "you can increase fares and tell your passengers to 'suck' it up". Briefly discuss why he makes this statement. (4)
- 3.3.4 Discuss what would make the taxi industry in South Africa a perfectly competitive market? (4)
- 3.4 Differentiate between **complementary goods** and **substitute goods**. (4x2) (8)
- 3.5 Discuss the characteristics of indifference curves. (4x2) (8)
- (40)**
- TOTAL SECTION B: 40**

QUESTION 4: MICRO-ECONOMICS**40 MARKS – 40 MINUTES**

- Discuss in detail, using diagrams, how the forces of demand and supply determine the equilibrium price in the product market. (26)
- Explain the factors that influence the demand for a product. (10) (40)

QUESTION 5: MICRO-ECONOMICS**40 MARKS – 40 MINUTES**

- Discuss in detail the characteristics of perfect and imperfect markets. (26)
- What steps can government take to prevent market failure? (10) (40)

TOTAL SECTION C: 40**TOTAL: 100****END**