

**GAUTENG DEPARTMENT OF EDUCATION
PROVINCIAL EXAMINATION
JUNE 2017
GRADE 10**

**ECONOMICS
PAPER 2**

TIME: 1½ hours

MARKS: 100

10 pages

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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.
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 sub-sections of questions.
8. Answer the questions in full sentences and ensure that the format, content and context of your responses comply with the 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 answers to the following questions. Choose the answer and write only the 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 World markets are also known as ... markets

- A collective
- B global
- C perfect
- D local

1.1.2 The line that shows different combinations of goods that can be bought by a consumer is known as the ... line.

- A budget
- B production
- C sales
- D supply curve

1.1.3 Which of the following is NOT an example of an indirect tax?

- A Customs duties
- B Value Added Tax
- C Excise tax
- D Income tax

1.1.4 ... is an example of public sector involvement.

- A Subsidies
- B Private goods
- C Exports
- D Imports

1.1.5 ... is the extent to which a product can satisfy your personal needs and wants.

- A Resources
- B Price
- C Value
- D Utility

(5 x 2) (10)

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, for example 1.2.7 H.

COLUMN A	COLUMN B
1.2.1 monopoly	A Trade-off between products
1.2.2 value	B An indirect tax that the government levies for goods that are regarded as harmful
1.2.3 opportunity cost	C A situation in which the current combination of goods and services does not give the maximum satisfaction
1.2.4 allocative inefficiency	D A single supplier for a good or service in the market
1.2.5 excise duty	E The maximum amount a consumer is willing to pay for a good or service
1.2.6 oligopoly	F Goods that the government provides to the community
	G A few suppliers of a good or service in the market

(6 x 1) (6)

1.3 Give ONE term for each of the following descriptions. Write only the term next to the question number (1.3.1 – 1.3.4) in your ANSWER BOOK.

1.3.1 A curve that has a negative slope

1.3.2 A good that can be used in the place of another good

1.3.3 The minimum price that is set above the equilibrium or market price

1.3.4 Products that society values and are regarded as things that everyone should have, regardless of whether an individual wants them or not

(4 x 1) (4)

TOTAL SECTION A: 20

SECTION B

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

QUESTION 2: MICRO-ECONOMICS

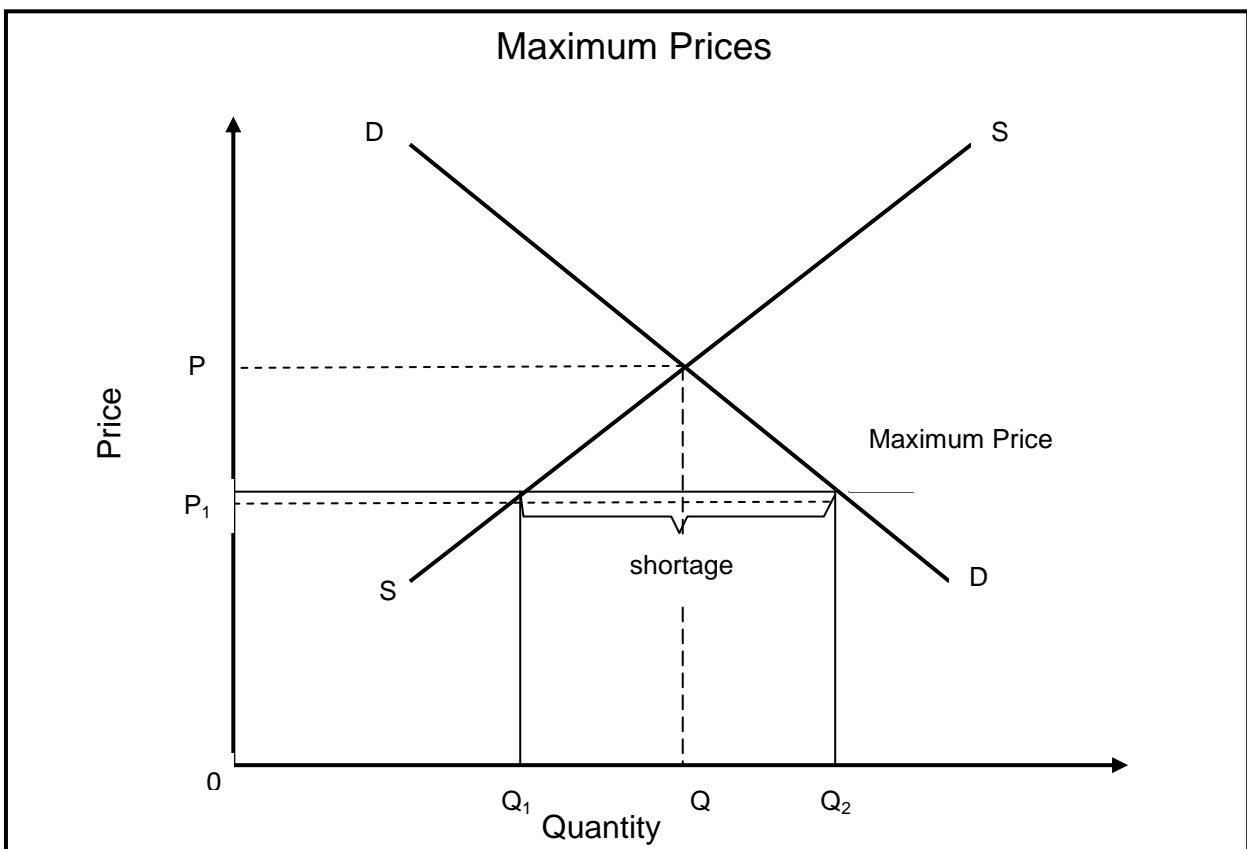
40 MARKS – 30 MINUTES

2.1 Answer the following questions.

2.1.1 Mention TWO policies that the government can use to regulate the markets. (2 x 1) (2)

2.1.2 What is the effect of scarce resources on producers? (1 x 2) (2)

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



2.2.1 Explain the concept *maximum price*. (2)

2.2.2 Give TWO examples of regulations that the South African government uses to influence market prices. (2 x 1) (2)

2.2.3 What is the impact of the introduction of maximum prices on certain goods or services by the government? (1 x 2) (2)

2.2.4 Differentiate between *quantity demanded* and *quantity supplied*. (2 x 2) (4)

2.3 Study the table below and answer the questions that follow.

PRICE PER TYRE	QUANTITY DEMANDED	QUANTITY SUPPLIED
100	70	10
200	60	20
300	50	30
400	40	40
500	30	50
600	20	60
700	10	70

2.3.1 Explain the term *equilibrium price*. (2)

2.3.2 Determine the equilibrium price from the table. (1)

2.3.3 Which market structure is illustrated above? (2)

2.3.4 Use the above table to draw the Demand and Supply curves on the same set of axes, also clearly indicating the equilibrium position. (5)

2.4 Briefly discuss FOUR characteristics of an imperfect market. (4 x 2) (8)

2.5 Discuss why the government implements minimum prices in the market. (4 x 2) (8)

[40]

QUESTION 3: MICRO-ECONOMICS

40 MARKS – 30 MINUTES

3.1 Answer the following questions.

3.1.1 Mention any TWO micro-economic issues that can be illustrated by the production possibility curve. (2 x 1) (2)

3.1.2 Describe the term *marginal utility*. (1 x 2) (2)

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



[Source: www.cartoonstock.com]

3.2.1 What is the main source of income for the government? (1)

3.2.2 Mention ONE example of a product for which the government does not charge VAT. (1)

3.2.3 What is the effect of a tax on the price of goods and services? (2)

3.2.4 What is the objective of introducing 'sin tax'? (2)

3.2.5 Why do you think government levies a tax on imported goods? (4)

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



- 3.3.1 Explain the term *indifference curve*. (2)
- 3.3.2 Why do indifference curves have a negative slope? (2)
- 3.3.3 Explain the *law of substitutes*. (2)
- 3.3.4 Why do consumers make choices between alternative products? (2)
- 3.3.5 What does a steep slope of an indifference curve indicate? (2)
- 3.4 Briefly discuss the composition of markets. (4 x 2) (8)
- 3.5 In your opinion, what does the production possibility curve reveal? (4 x 2) (8)
- [40]**

TOTAL SECTION B: 40

SECTION C

Answer only ONE of the two questions in this section in the ANSWER BOOK.
Your answers will be assessed as follows:

STRUCTURE OF THE ESSAY:	MARK ALLOCATION
<p>Introduction</p> <p>The introduction is a lower-order response.</p> <ul style="list-style-type: none"> • A good starting point would be to determine the main concept related to the question topic • Do not include any part of the question in your introduction • Do not repeat any part of the introduction in the body • Avoid saying in the introduction what you going to discuss in the body 	Max. 2
<p>Body:</p> <p>Main part: Discuss in detail / In-depth discussion / Examine / Critically discuss / Analyse / Compare / Evaluate / Distinguish / Explain</p> <p>Additional part: Give own opinion / Critically discuss / Evaluate / Critically evaluate / Draw a graph and explain / Use the graph given and explain / Complete the given graph / Calculate / Deduce / Compare / Explain / Distinguish / Interpret / Briefly debate / How? / Suggest</p>	<p>Max. 26</p> <p>Max. 10</p>
<p>Conclusion</p> <p>Any higher-order conclusion should include</p> <ul style="list-style-type: none"> • A brief summary of what has been discussed without repeating facts already mentioned • Any opinion or value judgement on the facts discussed • Additional support information to strengthen the discussion analysis • A contradictory viewpoint with motivation, if required • Recommendations 	Max. 2
TOTAL	40

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

“Productive efficiency is achieved when it is not possible for an economy (or individual producer) to allocate its scarce resources to produce more of one good without producing less of another good.”

- In line with the above statement, discuss the reasons for productive inefficiencies. (26)
- In your opinion what are the effects of inefficiencies? (10) **(40)**

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

“Subsidies are another form of government intervention in the market.”

- Discuss why government makes subsidies payments. (26)
- In your opinion, why are subsidies given to different economic players? (10) **(40)**

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