

**GAUTENG DEPARTMENT OF EDUCATION  
PROVINCIAL EXAMINATION  
JUNE 2016  
GRADE 10**

**ECONOMICS  
(PAPER 2)**

**NAME OF LEARNER:** \_\_\_\_\_

**GRADE:** \_\_\_\_\_

**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. Number the answers according to the numbering system used in this question paper.
3. Write the number of the question above each answer.
4. Read ALL the questions carefully and start the answer to each question on a NEW page.
5. Leave 2 – 3 lines open between sub-sections of questions.
6. Answer the questions in full sentences and ensure that the format, content and context of your responses comply with the requirements of the questions.
7. Answer only the required number of questions. Answers in excess of the required number will NOT be marked.
8. Use only blue ink.
9. Non-programmable pocket calculators may be used.
10. 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 the correct answer and write only the letter (A – C) next to the question number (1.1.1 – 1.1.5) in the ANSWER BOOK.

1.1.1 The amount of money that consumers are willing to sacrifice for an item or service is known as ...

- A satisfaction.
- B price.
- C value.

1.1.2 A straight downward-sloping production possibility curve indicates a ... rate of opportunity cost.

- A constant
- B variable
- C optimum

1.1.3 Governments levy taxes for the sake of ...

- A revenue.
- B expenditure.
- C profit.

1.1.4 The satisfaction that consumers derive from the consumption of goods and services is known as ...

- A utility.
- B value.
- C price.

1.1.5 Indifference curve analysis is used to ...

- A predict consumer preferences.
- B show a theoretical relationship between different consumer goods.
- C rank various combinations of goods and services in order of preference.

(5 x 2) (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	Oligopoly	A Show alternative combination of goods that can be purchased with a given income at given prices
1.2.2	Budget line	
1.2.3	Sin taxes	B Supplied by government
1.2.4	Micro-economics	C The trade-off between two products
1.2.5	Opportunity cost	D Taxes imposed on goods that the government deems undesirable
1.2.6	Public goods	E Transfer payment by government
		F A few sellers control the market
		G A study of the behaviour of individual decision-making units

(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 the ANSWER BOOK.

- 1.3.1 Where buyers and sellers meet in order to determine the price and quantity of goods or services that are going to be exchanged
- 1.3.2 The maximum amount of satisfaction for the amount spent
- 1.3.3 Products that are preferred instead of other products
- 1.3.4 Goods that benefit everyone and that should be available to everybody

(4 x 1) (4)

**TOTAL SECTION A: 20**

**SECTION B**

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

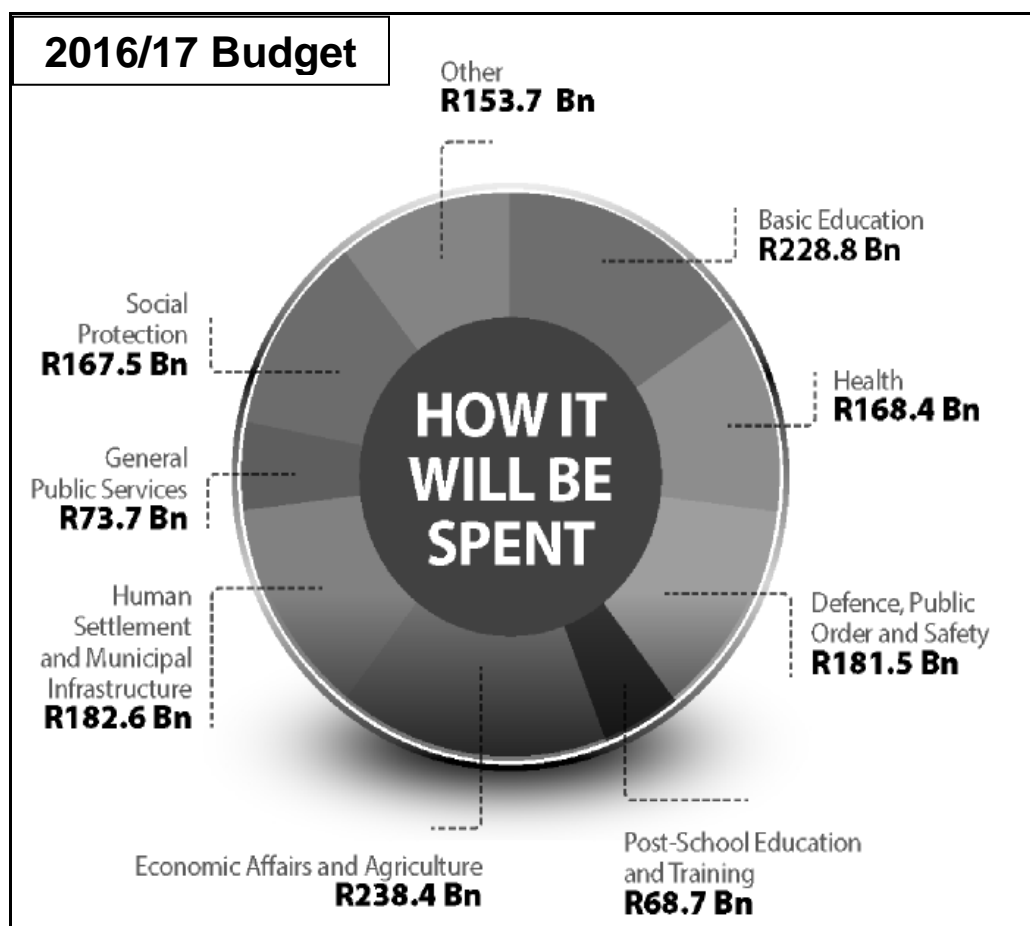
**QUESTION 2: MICRO-ECONOMICS****(40 marks – 30 minutes)**

2.1 Answer the following questions.

2.1.1 List any TWO reasons for the existence of imperfect markets. (2 x 1) (2)

2.1.2 Briefly explain the concept of *common goods*. (1 x 2) (2)

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



[Source: 2016 Budget, People's Guide, English]

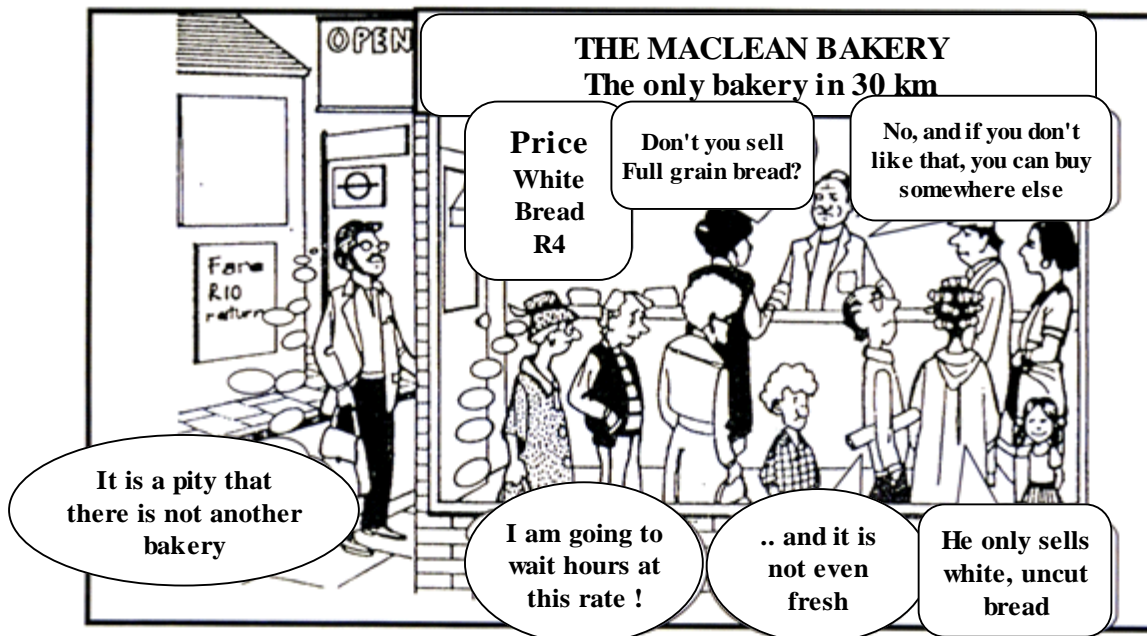
2.2.1 Which service received the biggest amount according to the diagram? (1)

2.2.2 How much did the government spend on welfare services in the 2016/17 budget? (1)

2.2.3 In 2016/17 the government's total expenditure was R1 463,30 Bn. Calculate the percentage that was allocated to welfare services (Show ALL calculations). (4)

2.2.4 What is the purpose of welfare grants? (2 x 2) (4)

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



[Source: <https://en.wikipedia.org/wiki/Marketing>]

2.3.1 What type of market is illustrated in the cartoon above? (1)

2.3.2 Give an example of such a market in South Africa. (1)

2.3.3 Name TWO other types of market structures except for the one identified in Question 2.3.1. (2)

2.3.4 Give a reason for your choice of answer to Question 2.3.1. (2)

2.3.5 Explain how another bakery would benefit the community. (2 x 2) (4)

2.4 Explain what is meant by *pareto efficiency* and how it relates to *productive* and *allocative efficiency*. (4 x 2) (8)

2.5 With the aid of a graph, explain how a subsidy on milk would influence the milk-producer and the consumer. (2 x 4) (8)

[40]

**QUESTION 3: MICRO-ECONOMICS****(40 marks – 30 minutes)**

3.1 Answer the following questions.

3.1.1 List TWO effects of productive inefficiency. (2 x 1) (2)

3.1.2 How would the increase in sin tax influence the price of cigarettes? (1 x 2) (2)

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

Price of generators	Quantity Demanded	Quantity Supplied
R12 000	1 500	3 000
R10 000	2 000	2 000
R8 000	2 500	1 500
R6 000	3 000	1 000
R4 000	3 500	500

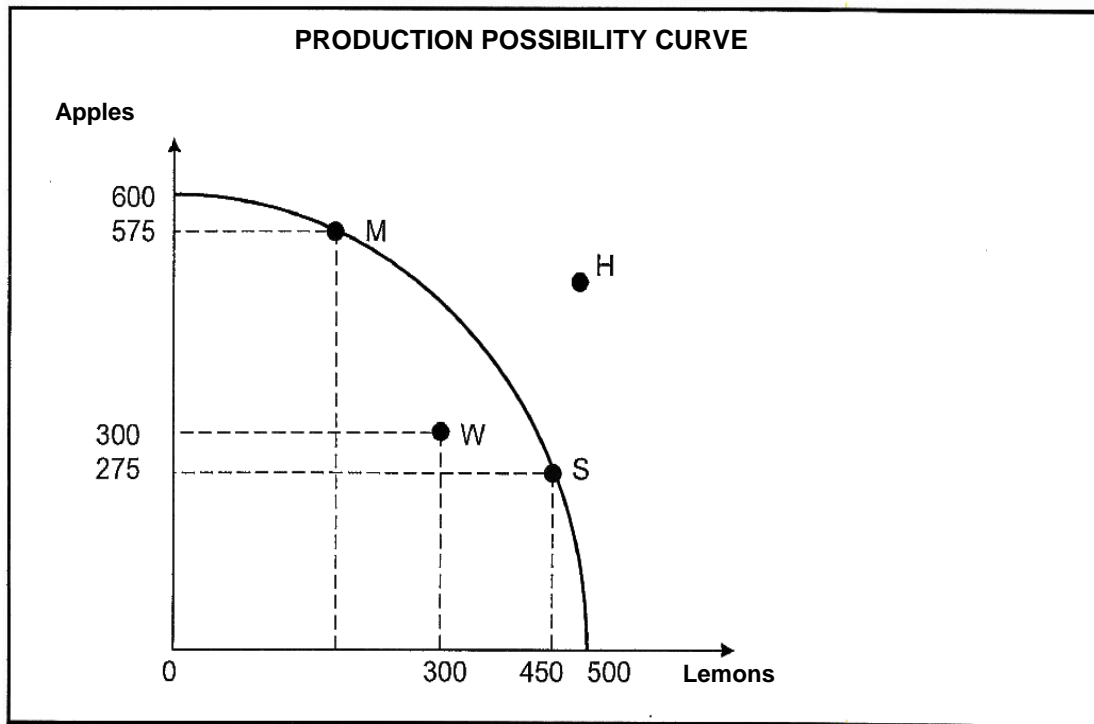
3.2.1 At what price will buyers and sellers be satisfied? (1)

3.2.2 What is this price called? (1)

3.2.3 Draw the original demand and supply curves on the same axis. (4)

3.2.4 Name any TWO reasons for the increase in the demand for generators. (2 x 2) (4)

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



- 3.3.1 What is the purpose of the production possibility curve? (2)
- 3.3.2 How many apples will be produced if all the resources are allocated to the production of apples? (2)
- 3.3.3 Is production obtainable at Point H? Give a reason for your answer. (3)
- 3.3.4 Which point shows inefficiency? Substantiate your answer. (3)
- 3.4 Discuss any TWO functions of a market. (2 x 4) (8)
- 3.5 Explain any TWO common characteristics of indifference curves. (2 x 4) (8)
- [40]**

**TOTAL SECTION B: 40**

**SECTION C**

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

<b>STRUCTURE OF ESSAY</b>	<b>MARK ALLOCATION</b>
<b>Introduction</b>	<b>Max 2</b>
<b>Body</b> <ul style="list-style-type: none"> <li>● <b>Main part:</b> Discuss in detail / In depth discussion / Examine / Critically discuss / Analyse / Compare / Evaluate / Distinguish / Differentiate / Explain / Assess / Debate</li> <li>● <b>Additional part:</b> Give your 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</li> </ul>	<b>Max 26</b>  <b>Max 10</b>
<b>Conclusion</b>  Any relevant higher order conclusion should include one of the following: <ul style="list-style-type: none"> <li>● A summary of what has been discussed without repeating facts already mentioned in the body.</li> <li>● An opinion or value judgement on the facts discussed</li> <li>● Additional support information to strengthen the discussion</li> <li>● A contradictory viewpoint with motivation</li> <li>● Recommendations</li> </ul>	<b>Max 2</b>
<b>TOTAL</b>	<b>40</b>

**QUESTION 4: MICRO-ECONOMICS****(40 marks – 40 minutes)**

*“Markets are a phenomenon of the private enterprise system.”*

- Discuss market structures in detail according to the characteristics:

*Number of producers, nature of the product, barriers to entry and availability of information* (26)

- Briefly explain the conditions that an item or service must meet for it to be suitable for trade in the world market. (10)

**[40]**

**QUESTION 5: MICRO-ECONOMICS****(40 marks – 40 minutes)**

*“One way to combat poverty in South Africa is to impose minimum wage laws.”*

- Critically analyse the statement above by referring to the reasons for the implementation and the impact of minimum wages in South-Africa. Refer to the advantages and disadvantages of minimum wages in South Africa. (26)
- With the aid of an appropriately labelled graph, explain the effect of minimum wages on the labour market. (10)

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