



GAUTENG PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA



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

ECONOMICS

PAPER 2

**MARKS: 150
TIME: 2 hours**

12 pages



*** K 4 P 2 ***

P.T.O.

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**ECONOMICS
(PAPER 2)**

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INSTRUCTIONS AND INFORMATION

1. Answer FOUR questions as follows in the ANSWER BOOK.

SECTION A: COMPULSORY
SECTION B: Answer any TWO of the THREE 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 subsections 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****30 MARKS – 20 MINUTES****1.1 MULTIPLE-CHOICE QUESTIONS**

Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A–C) next to the question number (1.1.1 – 1.1.8) in the ANSWER BOOK, for example 1.1.9 C.

1.1.1 The law of supply states that ...

- A as the price increases the quantity supplied decreases.
- B as the price increases the quantity supplied increases.
- C as the price increases the quantity supplied remains constant.

1.1.2 Which form of government strategy is implemented when government imposes a price below the equilibrium price in order to allow more people an opportunity to buy the product?

- A Subsidy
- B Minimum price
- C Maximum price

1.1.3 An imperfect market would NOT have the following characteristic:

- A The seller has control over the price
- B Easy entry and exit into the market
- C Imperfect information

1.1.4 The institution that conducts labour force surveys in South Africa is ...

- A Statistics South Africa.
- B the Department of Labour.
- C the CCMA.

1.1.5 The Employment Equity Act No. 55 of 1998 consists of, inter alia ...

- A learnership agreements.
- B fair discrimination.
- C affirmative action.

1.1.6 This can be an effect of inefficiency.

- A Inflation
- B Equal opportunity
- C Sustainable resources

1.1.7 Which of the following factors influences the demand for labour?

- A Productivity of labour
- B Demand of other factors
- C Population growth

1.1.8 This is one of the reasons why consumers would pay less for certain goods and services, than the prices charged by producers.

- A Consumer boycotts
- B Government subsidies
- C Low disposable income

(8x2) (16)

1.2 MATCHING ITEMS

Choose a description from COLUMN B that matches the concept in COLUMN A. WRITE only the letter (A – I) next to the question number (1.2.1 – 1.2.8) in the ANSWER BOOK, for example 1.2.9 K.

COLUMN A	COLUMN B
1.2.1 Collective Bargaining	A As consumption increases, the satisfaction for the product decreases.
1.2.2 <i>Ceteris paribus</i>	B Method used for dealing with the relationship between workers and employers
1.2.3 Law of Diminishing Marginal Utility	C A government system for protecting workers who are retrenched
1.2.4 Constitution	D People who have high level of skills, but are working in low paying jobs or they are working fewer hours than they would like to
1.2.5 Unemployment Insurance Fund (UIF)	E Everything else stays the same.
1.2.6 SETA	F Bill of Rights
1.2.7 Underemployed	G Small, Medium and Micro-enterprises
1.2.8 SMME	H The suppliers can change the price at will in the market. They are price makers.
	I Sector Education and Training Authority

(8x1) (8)

1.3 TERMINOLOGY

Give ONE term for each of the following descriptions. Write only the term next to the question number (1.3.1 – 1.3.6) in the ANSWER BOOK.

1.3.1 This Act tries to address the wrongs of the past.

1.3.2 This line is sometimes called the consumption possibilities curve.

1.3.3 A market where suppliers are price-takers

1.3.4 The lowest wage that an employer is allowed to pay a worker per month

1.3.5 This institution makes it possible for entrepreneurs to get involved in infrastructure development.

1.3.6 The impact on a party that is not directly involved in the transaction

(6x1) (6)

TOTAL SECTION A: 30

SECTION B

Answer any TWO of the three questions from this section in the ANSWER BOOK.

QUESTION 2 – MICRO-ECONOMICS

40 MARKS – 30 MINUTES

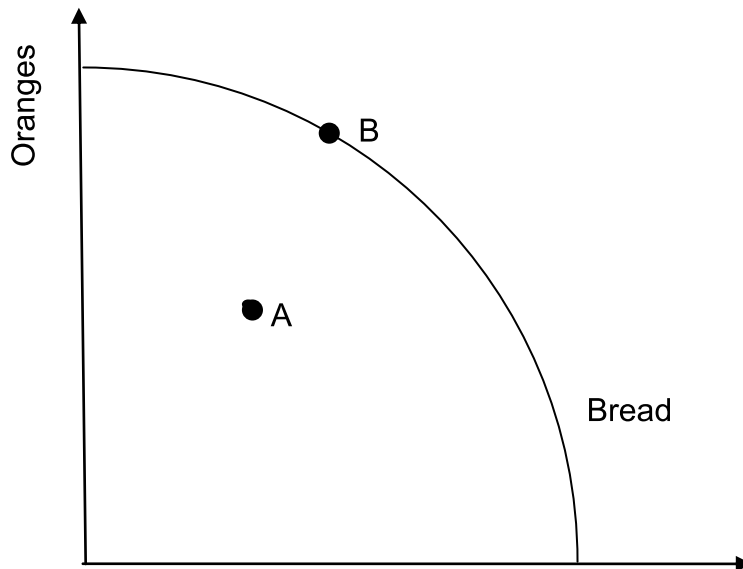
2.1 Answer the following questions.

2.1.1 Name TWO factors that determines the value of a product. (2x1) (2)

2.1.2 What does the marginal rate of substitution (MRS) state? (1x2) (2)

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

PRODUCTION POSSIBILITY CURVE



2.2.1 Explain the concept *production possibility curve*. (2)

2.2.2 What takes place at point B compared to point A? (4)

2.2.3 Which TWO conditions should a business meet to achieve productive efficiency? (4)

2.3 Study the extract below and answer questions that follow.

Agricultural demand in South Africa is expected to increase as population and income levels rise.

But, it's not as simple as that. It is essentially about the sector adapting to the change in demand trends. Production will increasingly move from 'production push' to a 'demand pull' principle.

Both consumers and the agricultural sector are at crucial turning points that will change the way that food is produced and consumed in the country. The one solid fact that is certain is that we will need to continuously produce more food to meet an ever-growing demand.

But, the type of food and the nature of its production must continuously adapt to meet consumers' much more sophisticated needs.

SOURCE: www.crsnewssa.co.za, 16/02/2016

- 2.3.1 Supply the extract with an appropriate heading. (1)
- 2.3.2 Give any TWO reasons why the demand for agricultural products (food) could increase. (2x1) (2)
- 2.3.3 Explain what will happen with the demand curve if there is a change in the quantity demanded of food products. (2)
- 2.3.4 Why do people buy more when prices decrease? (1x2) (2)
- 2.3.5 What does the Law of Demand imply? (3)
- 2.4 Discuss income subsidies and production subsidies. (2x4) (8)
- 2.5 "The shape of the indifference curve is caused by the shifting of the marginal utility advantage, from one good to the other."
Evaluate this statement by outlining the common properties (characteristics) of indifference curves. (4x2) (8)

[40]

QUESTION 3 – CONTEMPORARY ECONOMIC ISSUES

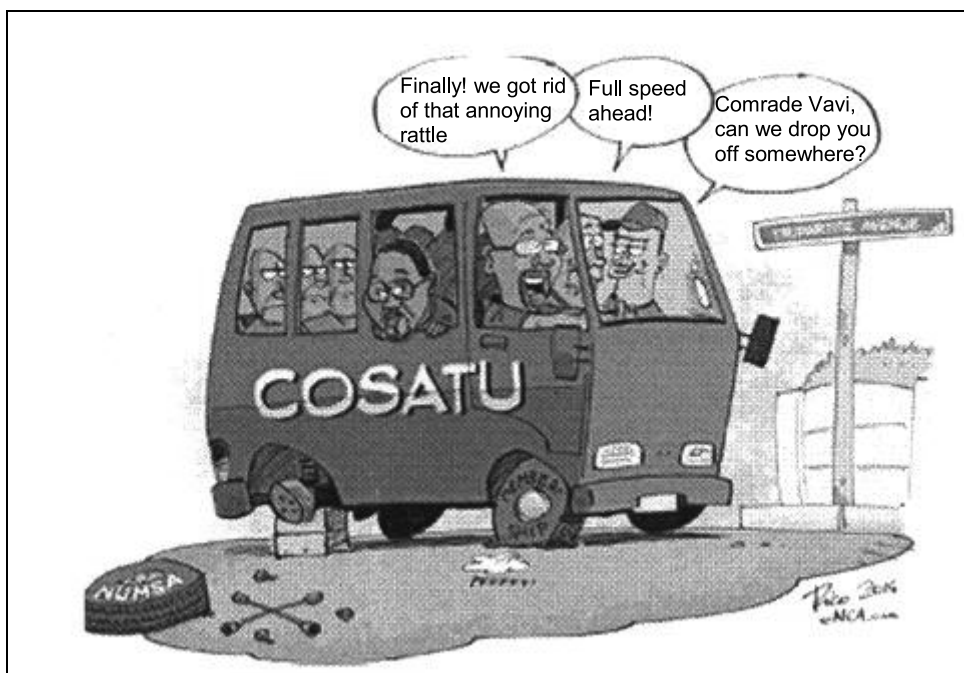
40 MARKS – 30 MINUTES

3.1 Answer the following questions.

3.1.1 Name any TWO aspects of a Human Resources Development strategy. (2x1) (2)

3.1.2 What is the intention of a convention? (1x2) (2)

3.2 Study the cartoon and answer the questions that follow.



3.2.1 What does the abbreviation *COSATU* stand for? (1)

3.2.2 Explain the word “plight”. (1)

3.2.3 What do you think is the legal responsibility of the union federations such as *COSATU*? (2x2) (4)

3.2.4 "The CCMA is part of the collective bargaining and dispute resolution process."

Compare mediation and conciliation as part of this process in table format. (2x2) (4)

3.3 Study the extract and answer the questions that follow.

Equity and Redress

For much of their history, progressive political movements in South Africa have advanced a *politics of equal recognition*, whether in relation to 'race', 'gender', or 'ethnicity'. The Freedom Charter statement that 'South Africa belongs to all', and its declaration that 'all national groups shall have equal rights', is one manifestation of this commitment to a politics of equal recognition.

With the advent of democracy, this politics of equal recognition was translated into a constitution that guarantees equality in all spheres of society. The 1996 South African constitution set out the character of the society that was envisaged, proclaiming the values of 'human dignity, the achievement of equality and the advancement of human rights and freedoms', and 'non-racialism and non-sexism'.

SOURCE: www.google.com

- 3.3.1 Explain the word *redress*. (2)
- 3.3.2 When was the first democratic election held in South Africa? (2)
- 3.3.3 In your opinion, how is income distributed in South Africa? (2)
- 3.3.4 Outline the FOUR key areas of the macroeconomic objectives. (4)
- 3.4 Briefly explain TWO steps that government took in the democratization of the economy since 1994. (2x4) (8)
- 3.5 Highlight the powers of the Labour Court. (4x2) (8)
- [40]**

QUESTION 4 – MICRO-ECONOMICS / CONTEMPORARY ECONOMIC ISSUES

40 MARKS – 30 MINUTES

4.1 Answer the following questions.

4.1.1 List TWO types of indirect taxes. (2x1) (2)

4.1.2 What is the aim of The Compensation for Occupational Injuries and Diseases Act? (1x2) (2)

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

UHHH ...

Lisha – the EPWP has created many jobs over the years and helped people to get out of poverty!

How?

But remember, no matter what the economic situation is, we must all make a habit of saving and spending our money wisely!

We must avoid falling into the debt trap and, in your case, Lisha ... I'd say stop shopping and start saving!

Working together we can do more!

Did you know?

The Deputy Minister of Water and Environmental Affairs, Rejoice Mabudafhasim, launched a R25 million Expanded Public Works Programme (EPWP) at the end of last year. It not only promotes jobs and training, but energy efficiency as well.

The Kuyasa Clean Development Mechanism Project (CDM) involves the fitting of solar water heaters, insulated ceilings and energy-efficient lighting in over 2 000 low-cost homes.

The project has created 85 full-time job opportunities for women, youth and the disabled and over 16 500 temporary jobs.

SOURCE: Vukuzenzele.gov.za. 2010

- 4.2.1 Write the abbreviation *EPWP* in full. (2)
- 4.2.2 Mention TWO levels of government that initiated the public works programme. (2x1) (2)
- 4.2.3 Explain, in your own words, what is meant by the public works programme? (1x2) (2)
- 4.2.4 Describe, from the cartoon, how the EPWP aims to achieve poverty relief. (2x2) (4)

4.3 Read the article below and then answer the questions that follow:

Plunging crude oil price not all good news for SA

This week the price of crude oil dipped below \$30 a barrel – a price last seen over a decade ago – but the long-standing powerhouse of production, OPEC, which produces a third of the world's crude, has no plans to cut production even as new players enter or re-enter the global market.

"OPEC is trying to wipe out the US and Russian oil industries. We're getting to price levels that are below the costs of production for many oil supply sources and as a result I wouldn't expect oil prices to remain this low for any length of time," said Econometrix chief economist Azar Jammine.

The price of Brent crude has fallen by some 70% in just over a year as the global supply glut continues to languish in storage

SOURCE: *SUNDAY TIMES BUSINESS* - BRENDAN PEACOCK - 2016-01-17

- 4.3.1 According to the article, what is the purpose of OPEC? (1)
- 4.3.2 If OPEC controls the production and price of the product, what type of market is being described above? (1)
- 4.3.3 Give the characteristics of the market structure identified in Question 4.3.2. (2x2) (4)
- 4.3.4 Summarise the implication for the consumer if OPEC keeps the oil supply low. (2x2) (4)
- 4.4 Differentiate between allocative efficiency and *pareto* efficiency. (2x4) (8)
- 4.5 The CCMA is an independent body established in 1996 in terms of the Labour Relations Act. Outline the functions of the CCMA. (4x2) (8)

[40]

TOTAL SECTION B: 80

SECTION C

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

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction	Max. 2
Body	
Main part: Discuss in detail / In-depth discussion / Examine / Critically discuss / Analyse / Compare / Evaluate / Distinguish / Explain / Assess / Debate	Max. 26
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 / Use the information and argue / Debate / Evaluate	Max. 10
Conclusion Any relevant higher order conclusion that should include: <ul style="list-style-type: none"> • A brief summary of what has been discussed / analyze without repeating facts already mentioned in the body • An opinion or value-judgment 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 5 MICRO-ECONOMICS

40 MARKS – 40 MINUTES

“The most important single central fact about markets is that no exchange takes place unless both parties benefit.”

- Critically discuss the functions of markets in the economy and assess why market failures sometimes occur. (26 marks)
- Write recommendations on how government could step in to prevent or limit market failure. (10 marks)

[40]

QUESTION 6 CONTEMPORARY ECONOMIC ISSUES

40 MARKS – 40 MINUTES

“Long term unemployment is regarded worldwide as economically undesirable.”

- Discuss the impact of unemployment on the economy, individuals and politics. (26 marks)
- Suggest how government can solve unemployment through a sound monetary and fiscal policy. (10 marks)

[40]

**TOTAL SECTION C: 40
TOTAL: 150**

END

