

ECONOMICS
GRADE 10
END YEAR EXAMINATION

DATE: 10 NOVEMBER 2015 **TIME: 2 Hours**

EXAMINER: Mrs K Coetzer **MARKS: 150**

INTERNAL MODERATOR: Mrs. van der Westhuizen

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY:

1. This question paper consists of 14 pages. Please check that your question paper is complete.
2. All questions are **COMPLUSORY**.
3. Answer the questions where possible, point by point in full sentences. A systematic presentation of facts is required.
4. Number the answers exactly as the questions are numbered.
5. **Please leave single line spaces open between answers. Start each question on a new page.**
6. It is in your best interest to write legibly and to present your work neatly.
7. Non-programmable calculators may be used.
8. Answer all questions in blue or black ink. Only sketches or diagrams may be done in pencil.
9. **GOOD LUCK ☺**

QUESTION	POTENTIAL MARK	MARK ACHIEVED
Question 1	30	
Question 2	10	
Question 3	8	
Question 4	35	
Question 5	20	
Question 6	16	
Question 7	31	
TOTAL	150	

Mrs. K Coetzer (Examiner)

Mrs. E van der Westhuizen (Internal Moderator)

SECTION A

QUESTION 1 MULTIPLE CHOICE QUESTIONS

- 1.1 The economic problem is that...
- A people have unlimited wants, but resources are limited.
 - B some resources are renewable and some are not.
 - C the four factors of production are scarce.
 - D economic decisions about what, how and for whom to produce are complex and cannot be solved by the forces of supply and demand. (2)
- 1.2 The ... is the percentage of the economically-active population that is actively looking for work, but is unable to find employment.
- A Labour force participation rate
 - B Economically-active population
 - C Rate of unemployment
 - D Labour absorption rate (2)
- 1.3 Which one of the following models indicate the flow of goods and services as well as the factors of production?
- A Economic Cycle
 - B Circular Flow
 - C Economic Flow
 - D Business Cycle (2)
- 1.4 Manufacturing industries that process raw materials and produce products are known as...
- A Primary industries.
 - B Formal sector businesses.
 - C Tertiary industries.
 - D Secondary industries (2)

- 1.5 A closed economy is an economy that...
- A has no public sector.
 - B has a favourable balance of payments.
 - C has no foreign sector.
 - D has no private sector (2)
- 1.6 Which of the following does NOT represent an injection into the circular flow model of the economy?
- A Government spending
 - B Taxes
 - C Investment spending
 - D Revenue earned from exports (2)
- 1.7 Suppose that the demand for a product increases while the supply decreases. This, will ceteris paribus, lead to...
- A an increase in the market price
 - B a decrease in the market price
 - C an increase in the equilibrium quantity
 - D a decrease in the equilibrium quantity (2)
- 1.8 In a business cycle, the turning point between a recession and a boom is known as a...
- A peak
 - B trough
 - C expansionary phase
 - D contraction phase (2)

- 1.9 A shows what can be produced when using the factors of production in the most efficient way possible.
- A balance of payments account
 - B market equilibrium curve
 - C production possibility curve
 - D graph depicting the intersection of a demand curve and a supply curve (2)
- 1.10 The ... is defined as that proportion of the population, which is between 16 and 65 years of age and has the potential to be employed.
- A labour force participation rate
 - B economically-active population
 - C rate of unemployment
 - D labour absorption rate (2)

1.11 Consider the market information provided in the table below:

Price	Quantity demanded	Quantity supplied
R 2 000	110	10
R 1 800	90	30
R 1 300	70	70
R 1 150	50	90
R 800	15	110

[Source: Focus]

At the market price of R 1 800 ...

- A the market is in equilibrium
- B there is an excess demand for the good which will force the price to go down
- C there is an excess supply of the good which will force the price to go up
- D there is an excess demand for the good which will force the price to go up (2)

- 1.12 The process whereby the proportion of people living in cities increases, is known as...
- A urbanisation
 - B globalisation
 - C nationalisation
 - D liberalisation (2)
- 1.13 Suppose there is economic growth because of an increase in the demand for consumer goods. This, would ceteris paribus, lead to...
- A an increased demand for labour
 - B an increase in the supply of labour
 - C a decrease in the demand for labour
 - D a decrease in the supply of labour (2)
- 1.14 The principal source of the South African Government's income is
- A Value Added Tax
 - B Income Tax
 - C Customs duties
 - D Capital gains tax (2)
- 1.15 Suppose that unfavourable weather conditions affect the supply of apples in South Africa. The effect of this, ceteris paribus, will be:
- A a shift along the supply curve up and to the right.
 - B a shift along the supply curve down and to the left.
 - C a shift in the position of the demand curve down and to the right.
 - D a shift in the position of the demand curve up and to the left. (2)

TOTAL QUESTION 1: (15 x 2) = 30

QUESTION 2

Choose the correct term in brackets. Write only the term next to the question number in your answer book.

- 2.1 The first economic policy set in place after the 1994 elections to address the economic imbalances of the apartheid years was known as the **(RDP/GEAR)**. (1)
- 2.2 **(Micro-economics/Macro-economics)** examines economy-wide phenomena such as unemployment, national income, economic growth and inflation. (1)
- 2.3 Construction companies and motor vehicle assembly plants are examples of **(secondary/tertiary)** economic activities. (1)
- 2.4 The total value of all spending by households on goods and services is known as **(consumption/investment)** spending. (1)
- 2.5 During a recession in the business cycle, there is an increase in the rate of **(unemployment/economic growth)**. (1)
- 2.6 During an economic **(boom/recession)**, there is an increase in the real value of goods and service produced. (1)
- 2.7 In the circular flow model of the economy, banks and insurance companies are examples of the **(public/financial)** sector. (1)
- 2.8 In **(a perfect/an imperfect)** market there is a single producer of a good with no close substitutes. (1)
- 2.9 In **(a perfect/an imperfect)** market, all consumers are charged the same price for the good or service, and they all have perfect knowledge about the market conditions. (1)
- 2.10 A decrease in supply, will ceteris paribus, lead the market price to **(increase/decrease)**. (1)

TOTAL QUESTION 2: [10]

QUESTION 3

Choose an appropriate description from **COLUMN B** to *match* the concept in **COLUMN A**. Write only the letters (A–H) to indicate your choice next to each question number (3.1–3.8) in your answer book.

COLUMN A		COLUMN B	
3.1	Barter Trade	A	The quantity of a good or service that consumers are willing and able to purchase at a given price
3.2	Quantity demanded	B	“The reserve bank should bring down the interest rate”
3.3	Quantity supplied	C	Day-to-day choices that people all over the world are making of what needs and wants they can satisfy with the means at their disposal.
3.4	PPC	D	Exchanging one product for another one of more or less the same value.
3.5	Economics	E	Essential in the production of consumer goods and services.
3.6	Normative statement	F	The quantity of a good or service which corresponds to the point, where the quantity demanded and the quantity supplied are equal.
3.7	Capital Goods	G	The quantity of a good or service suppliers are willing and able to supply at a given price.
3.8	Market equilibrium quantity	H	All the available resources of land, labour, capital and technology are considered.

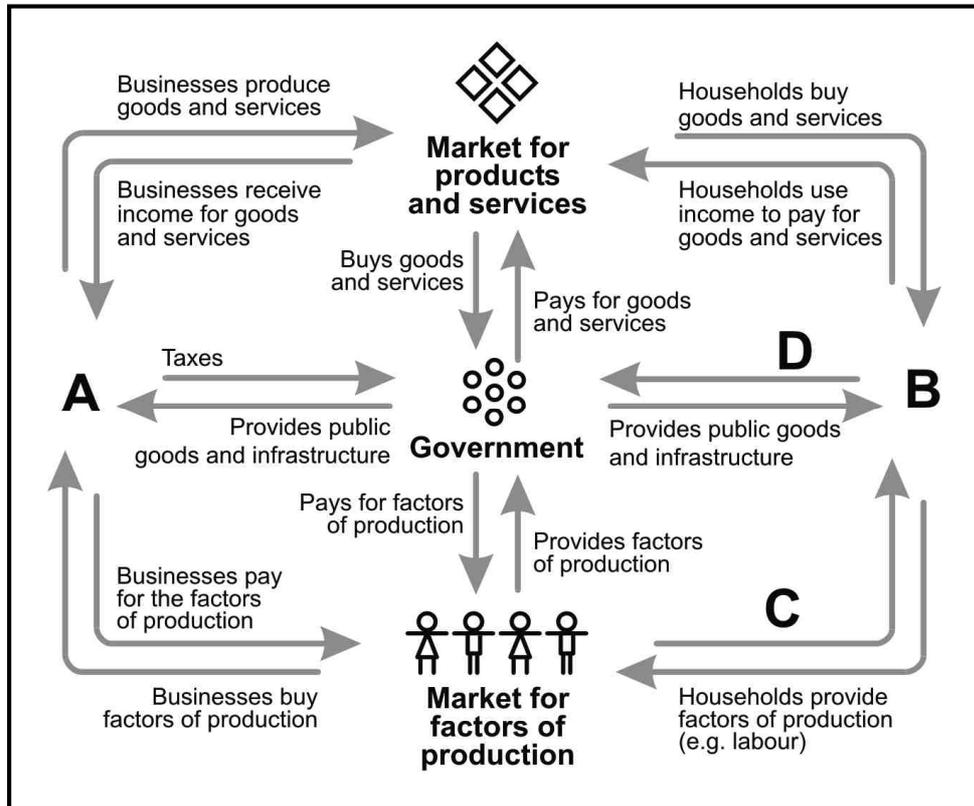
TOTAL QUESTION 3: [8]

TOTAL SECTION A: [48]

SECTION B

QUESTION 4

4.1 Study the diagram below and then answer the questions that follow.



4.1.1 Identify the missing parts (labelled A–D) in the diagram above. (8)

4.1.2 Explain whether the above diagram represents an open or closed economy. (4)

4.2 Use the figures in the table below to calculate the value of aggregate spending in the economy. (6)

Areas of spending	Symbols	Aggregate spending
Consumption spending	C	R140 million
Investment spending	I	R20 million
Government spending	G	R90 million
Imports	M	R40 million
Exports	X	R10 million

4.3 Study the news article below and then answer the questions that follow.

Importance of economics

Economists were divided last week over the South African economy's slowdown. Some claimed that the economy was diving headlong into a recession, while others held back, cautioning that this had not yet happened.

In theory, an economy enters a recession once it registers two successive quarters of negative gross domestic product (GDP) growth.

But both camps are right... We have not reached that point, but falling manufacturing data and declining confidence in this crucial economic sector indicate that the country might well hit at least one quarter of negative growth by year-end or early next year.

One advocate of the non-recession approach is Finance Minister Trevor Manuel, who in April, said the talk about recession was "patently wrong". He added that the country was battling high inflation and the rising interest rates would deal with this problem – period.

Worldwide, countries are entering a period of recession watch, including the United States, United Kingdom and New Zealand. South Africa should too, argues First National Bank economist Cees Bruggemans. In such a period, governments need to make their economic policies more growth-friendly and are far more likely to bail out struggling financial institutions.

While older South Africans might not be that perturbed by fears of an economic downturn, what makes it particularly significant this time round is its timing. Not only is it the first boom-bust period the African National Congress must manage since 1994, but it comes as the party prepares for next year's sensitive presidential succession race.

This poses a particular challenge because a recession usually hits the voters at grassroots level the hardest. The recent wave of xenophobic attacks across the country was a clear warning of what unhappy citizens are capable of doing.

But the impact of a recession does not stop there. Also vulnerable, are members of the emerging middle class, who have only recently entered the housing market – now sadly looking at a negative real growth rate.

Whether Finance Minister Trevor Manuel admits it or not, the reality is that the ANC's response to the current economic storm is key to charting the party's course into the future. If they handle it well they are likely to emerge stronger on the other side, but failure could mean splintering under pressure.

Adapted from an article published in the Dispatch Online on 15 July 2008. Retrieved online on 17 July 2008, from <http://www.dispatch.co.za/article.aspx?id=224508>

4.3.1 Explain what is meant by a "recession". (6)

4.3.2 Discuss what the government can do to assist the economically vulnerable people in a recession. (3)

- 4.3.3 Analyse what the effects would be if South Africa entered a recession. (3)
- 4.4 Evaluate how the state/government in South Africa has attempted to promote human rights and prevent the economically vulnerable from being exploited. (5)

TOTAL QUESTION 4: [35]

QUESTION 5

5.1 Study the image below and answer the questions that follow

South African Cell Phone Service Providers



[Source:Google Images 2013]

- 5.1.1 Identify the market to which the cell-phone companies presented in the image above belong to? (1)
- 5.1.2 List any **FOUR** characteristics of the type of market identified in 5.1.1. (4)
- 5.2 Use a production possibilities curve to explain the concept of opportunity cost. (7)
- 5.3 Draw a **fully labelled** demand and supply graph for hot dogs and indicate the equilibrium price and quantity. With the aid of the same graph, **illustrate** on the graph the movement of BOTH the demand and supply line if there is an increase in income in the economy (*thus spending increases*). (8)

TOTAL QUESTION 5: [20]

QUESTION 6

- 6.1 Differentiate between the two products the public sector develops and give an example of each. (4)
- 6.2 Why is food security important for a country? (2)
- 6.3 List two of the main risks for farmers in South Africa? (2)
- 6.4 Use a graph and explain why government subsidies will lower the price of a product and increase the quantity of the product that is produced. (8)

TOTAL QUESTION 6: [16]

QUESTION 7

7. Read the following article and answer the questions that follow.

SA's unemployment rates rise to near-record levels

On Tuesday the latest labour survey was released by StatsSA. The numbers are bad. The number of people out of work has risen above seven million for the first time ever. The economy is creating jobs but the number of job-seekers is rising at a faster rate.

In the months of April to June this year the official unemployment rate rose to 25.6%, while the broader rate of unemployment rose to 36.8%. Over the last two and a half years the official rate of unemployment has averaged over 25%. Although the economy added 100 000 jobs for the quarter, this was not enough to absorb all of the new entrants into the labour market. The total number of employed people rose to 2008 levels of some 13.7-million but the numbers of unemployed and discouraged work-seekers rose to record levels.

The number of unemployed people rose to 4.7-million and the number of discouraged work-seekers to 2.4-million. Between these two groups there are now over seven million people without work. The sharp increase in the number of formally unemployed could be given a slightly positive spin: it could mean that some formerly discouraged work-seekers had started to look for work again. The growth in the number of discouraged work-seekers is much more gradual than the growth in the unemployed, but it's still on its upward march.

It could be that those areas of the Western Cape and Northern Cape have very low levels of structural unemployment. After all, successful metros, for example, tend to create jobs which attract in-migration. This, paradoxically, can raise the unemployment rate in those metros.

Maybe some of the municipalities with low unemployment rates have a high level of economic migration out of them and into to the cities. Maybe they have small populations with low growth. Maybe they are governed better.

If these census-related numbers can be cross-referenced with QLFS numbers they might confirm in which areas structural unemployment is worst. We might be able to refine our understanding of unemployment patterns and be able to answer important questions, for example. Is rural unemployment due to failures in rural development?

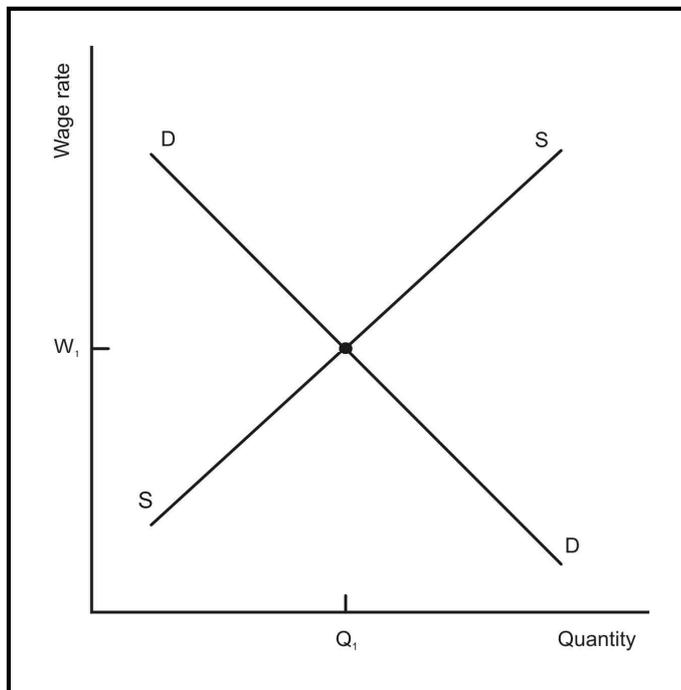
Maybe most of these municipalities are small and sparsely populated, maybe the absolute number of unemployed people is not as high as a first glance would suggest. Suggesting upsides and looking for silver linings in the employment numbers does seem to be a bit unrealistic – they are miserable.

Gross domestic product growth for the year is forecast to remain around 2% and will probably stay below 3% over the medium term. Our population is young with hundreds of thousands of new job-seekers every year.

The numbers look sad now but they might look positively by the end of 2013.

[Source:Daily Maverick 2013]

- 7.1 Define the term “unemployed”. (2)
- 7.2 Discuss “Cyclical Unemployment” as a cause of unemployment. (3)
- 7.3 Recommend THREE solutions for the South African Government specifically aimed at the unemployment rate as identified in the article. Remember to use the article above as your point of reference. (3)
- 7.4 List THREE objectives of the Labour Relations Act 66/1995. (3)
- 7.5 Discuss two measures that are in place in South Africa, to promote labour relations and dispute resolution. (6)
- 7.6 Study the diagram below depicting the market demand and supply conditions for labour in South Africa. Initially the market is in equilibrium at a wage rate of W_1 , and the level of employment at Q_1 .



- 7.6.1 Discuss four of the factors that determine the demand for labour. (8)
- 7.6.2 Re-draw the above diagram to show the effect on the wage rate and employment level if there is a shift towards capital-intensive production techniques in South Africa. (6)

TOTAL QUESTION 7: [31]
TOTAL SECTION B: [102]

GRAND TOTAL: [150]