

ECONOMICS
GRADE 10
JUNE EXAMINATION

DATE: 7 June 2016 **TIME:** 2 Hours
EXAMINER: Mrs. K Coetzer **MARKS:** 150
INTERNAL MODERATOR: Mrs. E. van der Westhuizen

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY:

1. This question paper consists of 10 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	20	
Question 3	16	
Question 4	34	
Question 5	20	
Question 6	30	
TOTAL	150	

 Mrs. K. Coetzer (Examiner)

 Mrs. E. van der Westhuizen (Internal Moderator)

QUESTION 1 MULTIPLE CHOICE QUESTIONS

- 1.1 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
- 1.2 The study of the behaviour of individual decision-making units, is known as Economics.
- A normative -
 - B micro -
 - C positive -
 - D macro –
- 1.3 The satisfaction that a consumer derives from the consumption of goods and services is known as:
- A Value
 - B Degree of satisfaction
 - C Price
 - D Utility
- 1.4 In a circular flow, money flow consists of ...
- A factors of production only.
 - B income and expenditure.
 - C factors of production and final goods.
 - D income.

- 1.5 Into which factor of production would machinery, equipment fit?
- A Capital
 - B Labour
 - C Capital and labour
 - D None of the above
- 1.6 Assume that leakages are more than injections, the national income of a country will thus ...
- A increase.
 - B decrease.
 - C be at an equilibrium.
 - D all of the above.
- 1.7 Which type of market relies on market conditions to determine the price?
- A Oligopoly
 - B Monopoly
 - C Perfect Market
 - D Monopolistic competitive market
- 1.8 This is used to measure economic growth in a country:
- A Inflation
 - B Unemployment rate
 - C Real GDP
 - D Foreign Exchange

1.9 South Africa's current repo rate is ...

- A 5,5 %
- B 9.5%
- C 5.75 %
- D 9 %

1.10 The market activity in this example will take place in which sector of the economy?



- A Perfect
- B Formal
- C Informal
- D Imperfect

1.11 The whole community benefits from this type of good:

- A Public good
- B Merit good
- C Private good
- D None of the above

1.12 What is it called when government takes money from the rich to give to the poor?

- A Tax
- B Transfer Payment
- C Welfare
- D VAT

1.13 The remuneration received by the factor of production entrepreneurship, is known as...

- A Interest
- B Rent
- C Wages
- D Profit

1.14 Tax individuals and companies pay on their income.

- A Direct Tax
- B Indirect Tax
- C Excise Duty
- D Estate Duty

1.15 Identify the person in the picture below.



[Source: Google images]

- A Gwede Mantashe, ANC Secretary General.
- B Cyril Ramaphosa, South Africa's current Deputy President.
- C Kgalema Motlanthe, South Africa's Deputy President from 2007 to 2012.
- D Julius Malema, Leader of the EFF.

TOTAL QUESTION 1: (15 x 2) = 30

QUESTION 2

Determine whether the following statements are **TRUE** or **FALSE**. Only write **TRUE** or **FALSE** next to the relevant question number.

- 2.1 The demand for labour is determined by the size of the population. (2)
- 2.2 The higher the wage rate, the greater the quantity of labour demanded. (2)
- 2.3 If the demand for labour increases, there is a decrease in unemployment. (2)
- 2.4 Firms are considered to be the primary economic participants because they own the factors of production. (2)
- 2.5 Individuals that earn low incomes and have few assets are most vulnerable to recessions. (2)
- 2.6 Agricultural goods used in the production process are an example of the factor of production, land. (2)
- 2.7 In economics, a normative statement is one which can be proved or disproved with empirical evidence. (2)
- 2.8 Markets are fair in the absence of government intervention. (2)
- 2.9 Indirect taxes (tax on consumption) are an example of government intervention in the market to influence the price of goods. (2)
- 2.10 Subsidies are provided to both consumers and producers by the state. (2)

TOTAL QUESTION 2: (10 x 2) = [20]

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).

COLUMN A		COLUMN B	
3.1	The demand for a product increases, while the supply of the product remains the same.	A	Both the equilibrium price and quantity decrease.
3.2	The demand for a product decreases, while the supply of the product remains the same.	B	The equilibrium price decreases, but it is not possible to say what the effect will be on the equilibrium quantity.
3.3	The supply of a product increases, while the demand of the product remains the same.	C	Both the equilibrium price and quantity increase.
3.4	The supply of a product decreases, while the demand of the product remains the same.	D	The equilibrium quantity increases, but it is not possible to say what the effect will be on the equilibrium price.
3.5	Both demand and supply increase.	E	The equilibrium price increases, while the equilibrium quantity decreases.
3.6	Both demand and supply decrease.	F	The equilibrium price increases, but it is not possible to say what the effect will be on the equilibrium quantity.
3.7	The demand increases while the supply decreases.	G	The equilibrium quantity decreases, but it is not possible to say what the effect will be on the equilibrium price.
3.8	The demand decreases while the supply increases.	H	The equilibrium price decreases, while the equilibrium quantity increases.

TOTAL QUESTION 3: (8 x 2) = [16]

QUESTION 4

- 4.1 Explain the fundamental difference between GDP and GNI. (2)
- 4.2 List three problems with GDP and GNP as good economic measures. (3)
- 4.3 This table shows the consumption of expenditure on the GDP for a given country in 2008:

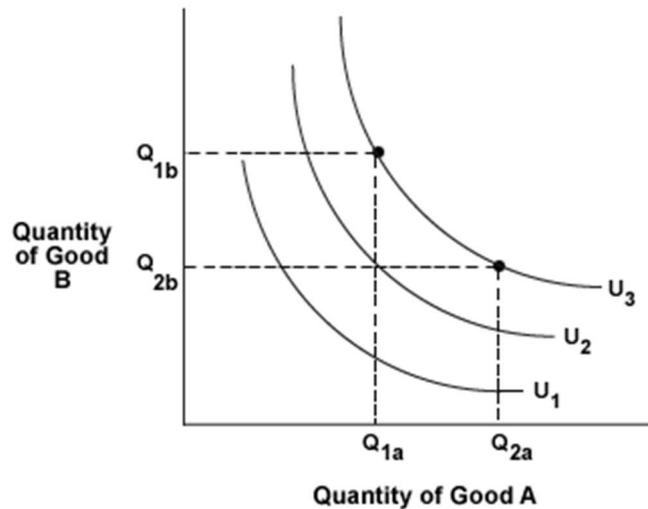
Expenditures	Symbols	Millions
Consumption spending by households	C	682 374
Investment spending by firms	I	173 934
Government expenditure	G	211 443
Exports of goods and services	X	373 035
Imports of goods and services	M	335 624

- 4.3.1 Explain what is meant by the term “consumption spending by households”. (2)
- 4.3.2 Explain what is meant by the term “investment spending by firms”. (2)
- 4.3.3 Use the figures from the table above to calculate the level of aggregate spending in the country for 2008. Show all calculations. (6)
- 4.4 Explain what happens to the exchange rate during an expansion phase in the business cycle. (4)
- 4.5 Define the term “business cycle”. (3)
- 4.6 Explain the difference between Exogenous and Endogenous reasons for a business cycle. Give examples of each. (8)
- 4.7 Explain why poor people are more vulnerable to the effects of an economic recession than wealthy individuals. Use your knowledge about the Circular Flow diagram as reference to your answer. (4)

TOTAL QUESTION 4: [34]

QUESTION 5

- 5.1 What is the difference between a straight line PPC and a concave PPC? (2)
- 5.2 The PPC changes as a result of internal and external factors. What is the main difference between these factors? (2)
- 5.3 Study the graph below and answer the questions that follow.



- 5.3.1 Provide a heading for this graph. (2)
- 5.3.2 Explain what is depicted on this graph. (4)
- 5.3.3 Explain on which graph maximum satisfaction will occur. (5)
- 5.4 Explain briefly what it means when income is **not** distributed evenly and discuss how a government can intervene when the income is unevenly distributed. (5)

TOTAL QUESTION 5: [20]

QUESTION 6

- 6.1 In South Africa we have a mixed economy this means that government intervention is present. Discuss why it is important for government to intervene in the economy and give two examples of how they intervene. (6)
- 6.2 Differentiate between minimum price controls and maximum price controls using the correct terminology. (4)
- 6.3 Discuss the main difference between VAT and Excise duty. (2)
- 6.4 As an economist explain why subsidies by government is often seen as negative. (6)
- 6.5 The Government sets the minimum wage at R60 per hour. The new minimum wage is above the equilibrium wage. Use a graph to illustrate the minimum wage set by the government. Discuss what the effect of this minimum wage will have on the quantity supplied and the quantity demanded. (12)

TOTAL QUESTION 6: [30]

TOTAL: [150]

END OF EXAM | WELL DONE 😊