



education

Department:
Education
REPUBLIC OF SOUTH AFRICA

ECONOMICS

GRADE 10

2006

TIME: 3 hours

This examination paper consists of 14 pages.

INSTRUCTIONS TO CANDIDATES

1. Answer **SIX** questions as follows:
 - § **SECTION A:** COMPULSORY. Use the answer sheet provided.
 - § **SECTION B:** Answer **ANY THREE** questions in your answer book.
 - § **SECTION C:** Answer **ANY TWO** questions in your answer book.
2. Write the **number** of the question above each answer.
3. **Number** the answers according to the **system** used in this question paper.
4. Read the questions **carefully** and start each question on a **new page**.
5. **Leave 2 - 3 lines** between subsections of questions.
6. Answer in **full sentences** and ensure that the format and content of your responses comply with the cognitive requirements of the question.
7. Write **legibly**.
8. Answer **only the required number** of questions. Answers in **excess** of this number **will not be marked**.
9. Use only **black or blue ink**. Lead pencil answers will not be marked.
10. Non-programmable pocket **calculators** may be used.

SECTION A (COMPULSORY)**QUESTION 1**

1.1 Indicate the correct answer by making a cross (X) in the appropriate square on the answer sheet provided.

1.1.1 "A cut in personal income tax will increase spending". This is an example of a ... statement.

- A. positive
- B. negative
- C. normative (2)

1.1.2 The basic problem faced by all nations is ...

- A. distribution.
- B. scarcity.
- C. production. (2)

1.1.3 The lower turning point of a business cycle is known as the ...

- A. trough.
- B. recession.
- C. depression. (2)

1.1.4 Consumers pay less for certain goods and services, than prices charged by producers because of ...

- A. consumer boycotts.
- B. low income.
- C. government subsidies. (2)

1.1.5 The fact that product A is sacrificed so that product B can be afforded, illustrates the principle of ...

- A. opportunity cost.
- B. consumer surplus.
- C. production cost. (2)

1.1.6 One of the characteristics of a perfect market is ...

- A. restricted access.
- B. homogeneous products.
- C. government interference. (2)

1.1.7 Specialisation has contributed towards ...

- A. increased unemployment.
- B. widespread poverty.
- C. the development of markets. (2)

1.1.8 The discovery of indigenous San rock art in South Africa led to increased ...

- A. tourism.
- B. imperialism.
- C. colonialism. (2)

1.1.9 The HIV/Aids pandemic leads to a/an ... labour supply.

- A. increased
- B. decreased
- C. constant (2)

1.1.10 People who are ... are unemployed according to the strict definition of unemployment.

- A. not working
- B. non-active
- C. actively looking for jobs (2)

1.1.11 Equal opportunities and fair treatment of labourers are promoted by the ... Act.

- A. Labour Relations
- B. Employment Equity
- C. Skills Development (2)

1.1.12 The policies and practices aimed at redressing social, economic and educational imbalances are known as ...

- A. land restitution.
- C. marginalization.
- B. affirmative action. (2)

1.2 Choose the correct alternative in brackets

- 1.2.1 The study of the role of the state in an economy is known as (monetary/public sector) economics.
- 1.2.2 The tax that is levied on expenditure is called (direct/indirect) tax.
- 1.2.3 The South-African Reserve Bank was established in 1921 to control the issuing of (shares/notes), amongst others.
- 1.2.4 Since 1990 less people have been able to find work in the (formal/informal) sector.
- 1.2.5 In South Africa the Value Added Tax is charged at (14 % /15 %) on goods and services.

5 x 2 [10]

1.3 Choose a description in Column B to match the concept in Column A. Write only the letters of your choice next to the question number on your answer sheet.

	COLUMN A		COLUMN B
1.3.1	Macro-economics	A	Applications of statistical methods in economics
1.3.2	Econometrics	B	The price at which the demand and supply are equal
1.3.3	Micro-economics	C	A Philosophy of merchants and statesmen in the 16 th and 17 th century
1.3.4	Equilibrium price	D	A study of the aggregates in the economy
1.3.5	Feudalism	E	Behaviour of individual decision making units
1.3.6	Mercantilism	F	Unemployment during periods of decreasing economic activity
1.3.7	Cyclical Unemployment	G	The overall inability of the economy to provide employment
1.3.8	Structural Unemployment	H	Political and military systems
		I	Unemployment during the process of changing employment

8 x 2 [16]

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SECTION B

ANSWER **ANY THREE** QUESTIONS FROM THIS SECTION IN YOUR ANSWER BOOK

QUESTION 2 (LO 1 MACRO-ECONOMICS, AS1 – AS4)

2.1 Answer the following questions appropriately:

Fill in the missing word(s):

2.1.1 People make choices because their wants outweigh the ...

2.1.2 Business enterprises that where established by the government are called ...

2.1.3 The primary purpose of the public sector is to satisfy ... wants.

2.1.4 In a business cycle, the period of increasing economic activity is known as the ...

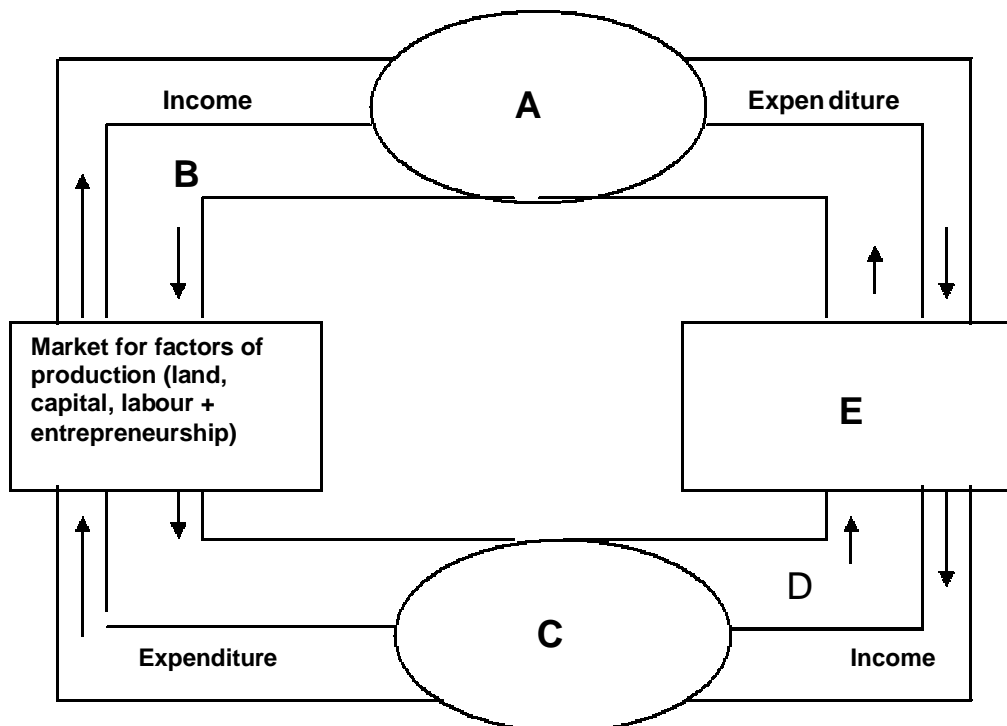
4 x 2 (8)

2.1.5 List any THREE economic objectives of the government.

3 x 2 (6)

[14]

2.2 Study the following diagram and answer the questions that follow:



2.2.1 Identify the following labels from the diagram.

A...?

B...?

C...?

D...?

E...?

5 X 2 (10)

2.2.2 Which phenomenon is depicted in the diagram?

(2)

2.2.3 Identify the elements of the following equation: $S + T + M = L$

4 X 2 (8)

[20]

2.3 Explain consumer expenditure on goods and services.

[16]

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QUESTION 3 (LO 2 MICRO-ECONOMICS, AS1 – AS3)

3.1 Answer the following questions appropriately:

Fill in the missing word(s):

- 3.1.1 The satisfaction that a consumer derives from the consumption of a good is known as ...
- 3.1.2 A curve that shows all the combinations of two products that will provide the consumer with equal levels of satisfaction is known as a ... curve.
- 3.1.3 Alcohol abuse is an example of ... externalities.
- 3.1.4 The regulation of the price of fuel by the government is known as price ...
4 X 2 (8)
- 3.1.5 List any THREE factors that determine the demand for goods. 3 X 2 (6)

[14]

3.2 Read the following fictitious report together with the table and answer the questions that follow:

Energetic Energizers is a company which produces both gas lamps and torches, however with the limited resources they are forced to make choices. Due to the power cuts, they cannot run all of their machines at once and many of their staff are not able to be at work everyday due to the effect the power cuts have had on public transport.

POSSIBILITY	GAS LAMPS	TORCHES
A	15	0
B	12	200
C	9	400
D	6	600
E	3	800
F	0	1000

- 3.2.1 Plot the above combinations accurately on a graph. (8)
- 3.2.2 Why could the business not produce any gas lamps at F? (2)
- 3.2.3 What is the opportunity cost of producing 6 gas lamps? (2)
- 3.2.4 What was sacrificed to produce 400 torches? (2)
- 3.2.5 Plot a point on your graph to illustrate inefficient production. Label this point as G. (2)
- 3.2.6 The business has decided to invest in another generator.

Explain the effect this will have on the production possibility curve. (4)

[20]

- 3.3 Explain any FOUR conditions that have to be fulfilled for a good to be able to sell in the world market. [16]

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QUESTION 4 (LO3 ECONOMIC PURSUITS, AS1 – AS4)

- 4.1 Answer the following questions appropriately:

Fill in the missing words:

- 4.1.1 An economy where elements of a First and Third World is accommodated is known as a ... economy.
 4.1.2 The population growth rate is influenced by death rates, birth rates and ...
 4.1.3 NEPAD is a pledge taken by African leaders to eradicate ... through sustainable growth and development.
 4.1.4 The trend of worldwide interaction of economies, is called ... 4 X 2 (8)
 4.1.5 List any THREE consequences of Colonialism. 3 X 2 (6)

[14]

- 4.2 Study the following table and answer the questions that follow:

ECONOMIC SECTORS – as part of GDP	1912 % contribution	1980 % contribution	2005 % contribution
Primary sector	48,8	23,1	10,9
Secondary sector	5,8	31,1	23,9
Tertiary sector	45,4	45,8	65,2

- 4.2.1 Explain the primary sector in your own words. (4)
 4.2.2 What is the trend in the primary sector, regarding it's contribution to the GDP from 1912 to 2005? Give figures. (6)
 4.2.3 Supply in your own words any TWO possible reasons for the decrease in the contribution of the secondary sector from 1980 to 2005. (4)
 4.2.4 Give ONE example of a manufacturing industry contributing to a large extent towards the GDP in South Africa. (2)

- 4.2.5 Which sector contributed most to the GDP during 2005? Give ONE possible reason for your answer. (4)
[20]
- 4.3 Discuss the factors contributing towards economic development in South Africa, post 1994. [16]

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QUESTION 5 (LO4 CONTEMPORARY ECONOMIC ISSUES, AS1 – AS4)

5.1 Answer the following questions appropriately:

Fill in the missing word(s):

- 5.1.1 Political uncertainty and social conflict in a community may result in ... productivity.
- 5.1.2 The aim of labour unions is to promote and maintain the ... of members.
- 5.1.3 Monetary measures are steps taken by the Reserve Bank to control...
- 5.1.4 HIV/AIDS will affect the economy negatively by ... consumer spending. 4 X 2 (8)
- 5.1.5 List any THREE forms of South African welfare grants. 3 x 2 (6)

[14]

5.2 Read the following extract and answer the questions that follow:

“Nepad is a pledge taken by African leaders to eradicate poverty, to place their countries, individually and collectively, on a path to sustainable growth and development, and to stop the marginalization of Africa in the process of globalization. In this regard, it is important that South Africa sets a good example to the rest of the continent by supporting democracy and prospering as an economy.”

(Source: Economics for All)

- 5.2.1 What are the current economic performances of the South African economy with regard to economic growth and inflation? (4)
- 5.2.2 What is the most important aim of NEPAD? Give TWO reasons for your answer. (6)
- 5.2.3 Define poverty. (4)
- 5.2.4 Describe “*marginalization of Africa*” in broad terms. (6)
- [20]

- 5.3 Identify and discuss the factors determining the demand for labour in South Africa. [16]

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**QUESTION 6 (LO1 MACRO ECONOMICS, AS1 – AS4 &
LO 2 MICRO ECONOMICS, AS1 – AS3)**

- 6.1 Answer the following questions appropriately:

Fill in the missing word(s):

- 6.1.1 The subsidization of goods and services can be regarded as a method of income ...
- 6.1.2 A single phase of a business cycle stretches from peak to ...
- 6.1.3 Plants and machinery used to produce goods and services refer to ... investment.
- 6.1.4 The branch of economics that is concerned with foreign trade and investment is known as ... 4 X 2 (8)
- 6.1.5 Name any THREE kinds of subsidies. 3 X 2 (6)

[14]

- 6.2 Read the following imaginary report and answer the questions that follow:

PROFITEERING FROM IRRATIONAL CHOICES

The slowdown in the retail sector did not affect spending on cosmetics. 'Widespread awareness of appearance has led people to cut back on food expenses rather than beauty products', says Mr. James Dlamini.

He won the Best Improved Small Business category in the 2005 Entrepreneur of the Year Competition. He established JD Hair Enterprises 10 years ago with his wife and 3 assistants. He completed a course in hairdressing in Cape Town while working as a waiter at the Mount Nelson Hotel. Dlamini says that people in the townships are becoming increasingly aware of their looks. The hair care industry in South Africa received a tremendous boost with the influx of people from Central and North American states.

- 6.2.1 Why are the decisions of these consumers considered to be irrational? (4)
- 6.2.2 Which TWO groups of people will profit from these irrational decisions? (4)
- 6.2.3 List TWO factors that contributed to the growth of James Dlamini's business. (4)

- 6.2.4 Name any TWO organizations in South Africa that assists small business development. (4)
- 6.2.5 Which sentence in the text makes the same point as the caption? (2)
- 6.2.6 Which sector of the economy can include Mr. Dlamini's business? (2)
- [20]
- 6.3 Discuss, with the aid of a graph, a government production subsidy on maize, highlighting the effects on the supply of maize. [16]
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SECTION C

ANSWER ANY **TWO** QUESTIONS FROM THIS SECTION.

QUESTION 7 (LO1 MACRO-ECONOMICS, AS4)

“The South African Chamber of Business warned that the power cuts were having serious effects on business activity, with an estimated figure of at least R500-million in losses.”

(Source: Mail and Guardian, March 26th, 2006, adapted)

The estimated Millions of Rand loss by South African businesses from the power outages could have a significant effect on the Business Cycle if the problem continues.

Discuss the phases of a business cycle. Write a report to the local business forum on the impact of the power outages on the economically vulnerable.

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QUESTION 8 (LO2 MICRO-ECONOMICS, AS1)

Discuss the functions of markets in detail, highlighting the establishment of prices and quantities with the aid of an appropriately labeled graph.

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QUESTION 9 (LO3 ECONOMIC PURSUITS, AS4)

‘The severity of the economic impact of HIV/Aids is directly related to the fact that most of the infected persons are in the peak productive and reproductive age groups. Aids kill those whom society relies on to grow the crops, work in the mines and factories, run schools and hospitals, and govern the nations and countries’- Nelson Mandela

Analyse the South African labour force, highlighting the impact of HIV/Aids.

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QUESTION 10 (LO4 CONTEMPORARY ECONOMIC ISSUES, AS1)

Read the following job advertisement and answer the questions that follow.

<p style="text-align: center;">MANAGER: TECHNICAL SERVICES</p> <p>(NOTICE NUMBER 28/05) REQUIREMENTS:</p> <p>B. Degree in Civil or Electrical Engineering or its equivalent coupled with five years of practical in planning, designing and facilitation projects at municipal level. The candidates should have operated in a management role. Interested and qualified incumbents are invited to send their applications comprehensive CV's and proof of qualifications to the Municipal Manager.</p> <p>KEY PERFORMANCE AREAS: ? Act as advisor to the Procurement Committee on all infrastructural and engineering related projects. ?Oversee the installation/construction of water, sanitation, drainage, roads, electricity and housing infrastructure in communities within the jurisdiction of the Municipality. ?Oversee that all installed/constructed infrastructure for the provision of basic service work efficiently and effectively ?Continuously evaluate the levels of standard on the installed/constructed infrastructure that provides basic services. ? Conduct continuous improvement activities on installed/constructed infrastructure that provide basic services to communities. ?Manage all 'Service Level Agreement' (SLA) pertaining to outsourced maintenance that provide basic services to the communities. ?Conduct quality inspection on work delivered by contracted Service Providers. ? Manage the infrastructure development and the maintenance thereof within the Municipality.</p> <p>Salary: Negotiable</p>
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Job advertisements like the one above are always available in the Sunday newspapers. In spite of these advertisements, people are always unemployed.

Write a memorandum to the Minister of Labour and suggest steps that can be taken to solve the problem of unemployment in South Africa.

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TOTAL: 300