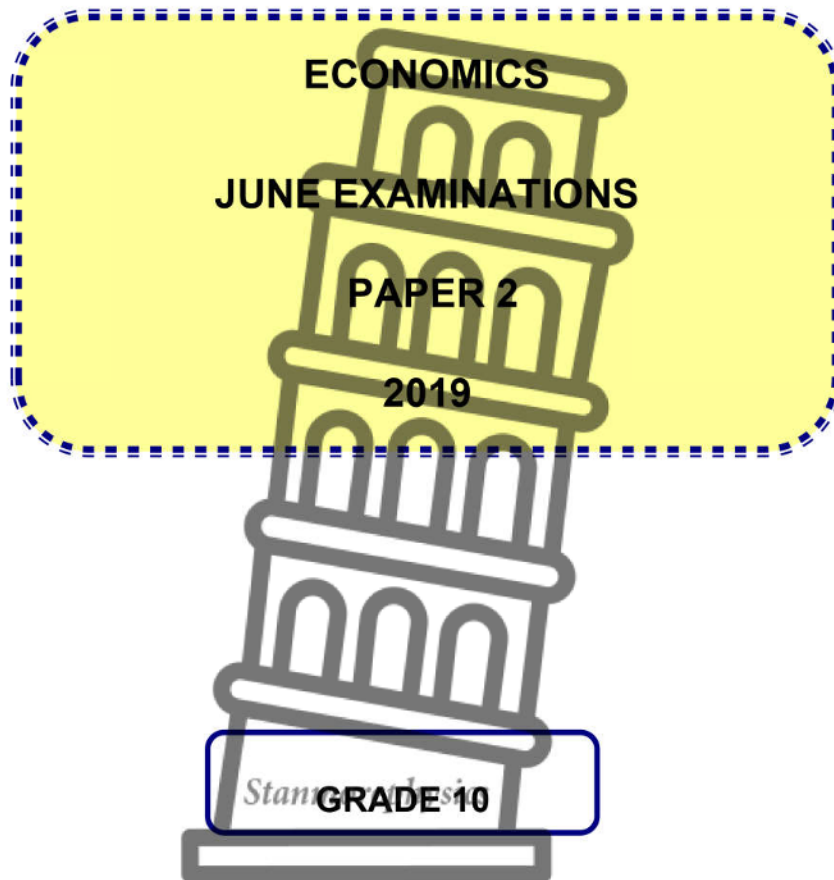




Education

KwaZulu-Natal Department of Education

REPUBLIC OF SOUTH AFRICA



MARKS : 100
TIME : 1½ Hours
DATE : JUNE 2019

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. Answer only the required number of questions. Answers in excess of the required number will NOT be marked.

4. Answer the questions in full sentences and ensure that the format, content and context of your responses comply with the requirements of the questions.

5. Use only blue or black ink.

6. Write neatly and legibly.



SECTION A (COMPULSORY)

QUESTION 1

1.1 Various options are provided as possible answers to the following questions. Choose the answer and write the letter (A-D) next to the question number (1.1.1- 1.1.5) in the answer book e.g. 1.1.6 A.

1.1.1 A perfect market is characterized by ...

- A. Differentiation of products.
- B. Imperfect information of products.
- C. Homogenous products.
- D. Unique products.

1.1.2 The curve that shows all the different combinations of two products, which will provide consumers with equal levels of satisfaction.

- A. Budget.
- B. Indifference.
- C. Supply.
- D. Production possibility.

1.1.3 A complementary product of bread is ...

- A. Rice.
- B. Sweets.
- C. Butter.
- D. Flour.

1.1.4 When a minimum wage is instituted in an economy, it usually results in ...

- A a surplus in labour.
- B a higher demand in labour.
- C a shortage in labour.
- D lower wages than the market would provide.



1.1.5 A price ceiling sometimes causes an inefficient allocation of resources owing to the fact that it leads to ...

- A surplus.
- B a riot.
- C a boycott.
- D a shortage.

(5x2) (10)

1.2 Choose the description from COLUMN B that matches the item in COLUMN A. Write only the letter (A-G) next to the question number in the ANSWER BOOK.

COLUMN A	COLUMN B
1.2.1 Oligopoly	A. Quantity of goods and services that producers are willing to offer.
1.2.2 Allocative inefficiency	B. A place in which buyers and sellers meet to determine the price.
1.2.3 Supply	C. A few sellers control the market.
1.2.4 Market	D. The maximum amount a consumer is willing to pay for a good or service.
1.2.5 Product frontier	E. A situation in which the current combination of goods and services does not give the maximum satisfaction.
1.2.6 Value	F. Another term for Production Possibility Curve.
	G. Goods that can be used in place of other goods.

(6x1) (6)

1.3 Give ONE term for each of the following descriptions. Write only the term next to the question number (1.3.1–1.3.6) in the ANSWER BOOK. Acronyms and abbreviations will NOT be accepted.

1.3.1 A state hospital is part of this sector

1.3.2 The study of the behaviour of individual decision-making units.

1.3.3 A sum of money granted by the government to assist a business so that the price of the goods or services may remain low.

1.3.4 The satisfaction that a consumer derives from each additional product he / she consumes.

(4x1) (4)

TOTAL SECTION A: [20]

SECTION B

Answer any **ONE** question in this section.

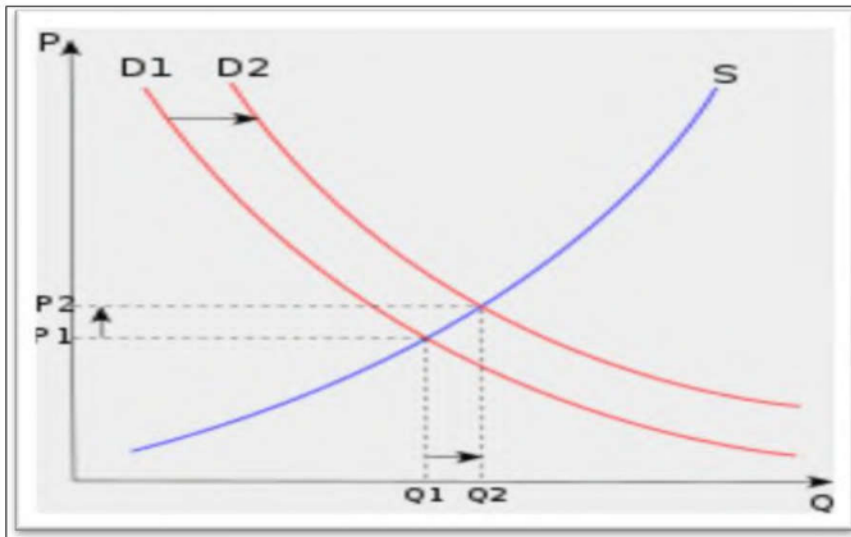
QUESTION 2

2.1 Answer the following questions.

2.1.1 List any **TWO** examples of monopolies in South Africa. (2x1) (2)

2.1.2 Explain why the demand curve has a negative gradient. (2)

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



Source: en.wikipedia.org

2.2.1 Identify the original demand curve from the above graph. (1)

2.2.2 What does the change in position of curves D1 to D2 represent? (1)

2.2.3 Describe the equilibrium point. (2)


2.2.4 What might have caused the demand curve to change from D1 to D2 (2)

2.2.5 Explain the effects of increase in demand on the market equilibrium. (4)

[10]



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



Quantity of ice blocks	Marginal utility	Total utility
0	0	0
1	50	50
2	A	95
3	20	115
4	10	125
5	0	125
6	-10	B

2.3.1 Which quantity of ice blocks gives the greatest satisfaction (1)

2.3.2 Identify which ice block give the extra satisfaction when consumed (1)

2.3.3 Why is the marginal utility for quantity 6 negative (2)

2.3.4 Briefly explain the concept of marginal utility. (2)

2.3.5 Calculate the value of A and B (4)

[10]

2.4 Briefly discuss the law of supply and demand (2X4) (8)

2.5 Briefly discuss any TWO properties of indifference curves. (2X4) (8)

[40]



QUESTION 3

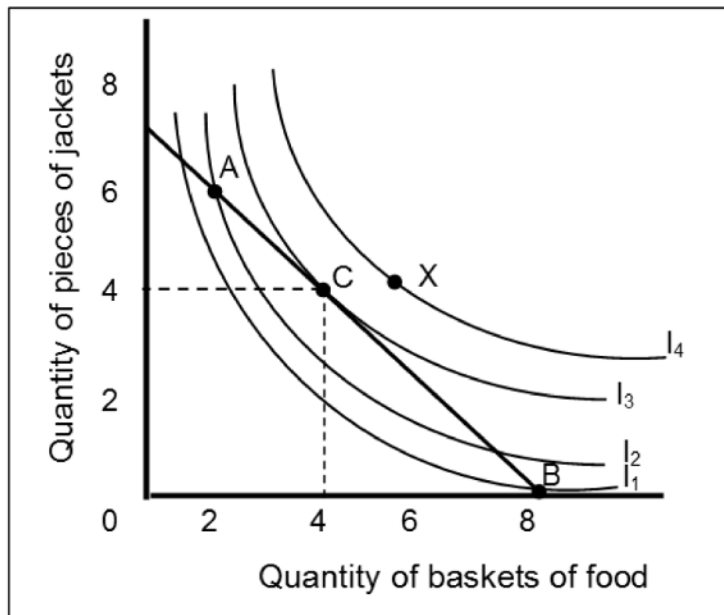
3.1 Answer the following questions.

3.1.1 List any **TWO** characteristics of utility. (2x1) (2)

3.1.2 Explain the effect of introducing minimum wages on the supply of labour. (2)



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



Source: econclassroom.com

3.2.1 How many baskets of food will be consumed at point B? (1x2) (2)

3.2.2 What is an indifference curve (2)

3.2.3 Explain the term *Pareto efficiency*. (2)

3.2.4 Why would the consumer prefer to consume at point X (2x2) (4)



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

Should Eskom Still Hold Monopoly over South Africa's Supply?



With South Africa's current electricity crisis, the country's economy is at risk as it is forced to rely on one power supplier, Eskom. Holding monopoly over power plants and transmission, Eskom is the sole generator and purchaser of electricity in South Africa. The utility has failed to meet electricity demands, with various problems plaguing its ability to do so.

Written by Hayley Axford

- 3.3.1 Identify the market structure depicted by the above article (1)
- 3.3.2 How many producers are found in this market structure (1)
- 3.3.3 Describe the nature of the product sold by monopoly (2)
- 3.3.4 How does the above crisis affect the economy (4)
- 3.3.5 Why is ESKOM regarded as a monopoly (2)

3.4 distinguish the entry and control over price between monopolies and perfect markets. (8)



[40]

TOTAL SECTION C: 40 [TOTAL: 100]





Education

KwaZulu-Natal Department of Education

REPUBLIC OF SOUTH AFRICA

ECONOMICS

JUNE EXAMINATIONS

MARKING GUIDELINE

PAPER 2

GRADE 10

2019

MARKS : 100
TIME : 1Hours
DATE : 12 JUNE 2019



SECTION A COMPULSORY

Write all questions on section A

1.1 Various options are provided as possible answers to the following questions, choose the correct answer and write the correct answer next to the question number. Eg 1.1.1 D

- 1.1.1 A
- 1.1.2 B
- 1.1.3 C
- 1.1.4 A
- 1.1.5 D (10)

1.2 Choose the description from COLUMN B that matches the item in COLUMN A. Write only the letter (A-G) next to the question number in the ANSWER BOOK.

- 1.2.1 CV
- 1.2.2 EV
- 1.2.3 AV
- 1.2.4 BV
- 1.2.5 FV
- 1.2.6 DV (6)

1.3 Give ONE term for each of the following descriptions. Write only the term next to the question number (1.3.1–1.3.6) in the ANSWER BOOK. Acronyms and abbreviations will NOT be accepted.

- 1.3.1 Public sector ✓
- 1.3.2 micro-economics ✓
- 1.3.3 Subsidy ✓
- 1.3.4 Total utility ✓ (5)

SECTION B

Answer any ONE question in this section.

QUESTION 2

ANSWER THE FOLLOWING QUESTIONS

- 2.1.1 Eskom ✓ 1x2(2)
Transnet ✓

2.1.2 The demand curve has a negative gradient because there is a negative relationship between price and quantity demanded, the increase in price results to a decrease in quantity demanded. ✓✓ (2)

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

2.2.1 D1✓

2.2.2 It represents a shift in the demand curve. ✓

2.2.3 A point where demand and supply intersects, this is the point where market price is determined. At this point quantity supplied and quantity demanded are equal at the market price. ✓✓

(any relevant answer) (2)



2.2.4 Changes in consumer's income 'taste and preferences' (2)
(accept any relevant)

2.2.5 An increase in demand will result to shift in the market equilibrium, the change in demand will cause an increase in price if supply remains constant (4)
(accept any relevant answer)

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

2.3.1 Quantity 4 (1)

2.3.2 Quantity 1 (1)

2.3.3 The marginal utility is negative because at this point the consumer has reached his or her saturation point (accept any relevant answer) (2)

2.3.4 Marginal utility is the extra utility a consumer gets as an extra unit of a product is consumed

2.3.5 **A= 45**
B=115 (4)

2.4 law of supply

The law of supply states that there is positive relationship between price and quantity supplied

An increase in price will result to an increase in quantity supplied

There is a positive relationship between price and supply

Law of demand

The law of demand states that there is a positive relationship between price and quantity demanded

An increase in price will result to decrease in quantity demanded

This shows an inverse relationship between price and demand

(2x4)(8)

2.5

Properties of indifference curves

- Indifference curves never cross
- Indifference curves are bent inwards
- Higher Indifference curves are preferred from lower ones
- Indifference curves are downward sloping

(8)

QUESTION 3

ANSWER THE FOLLOWING QUESTIONS

3.1.1 Characteristics of utility

- Utility changes from person to person
- Utility changes from place to place
- Utility changes from time to time
- Utility cannot be measured

(choose any 2)

(2)



3.1.2 The supply of labor will increase as a result of a minimum wage ,as more people will offer labor services at a higher wage rate vV (2)



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

3.2.1 $8V$ (1)

3.2.2 An indifference curve is a curve that shows different combinations of goods a consumer can buy with the available income vV (2)

3.2.3 Pareto efficiency when the allocation of resources makes makes everyone better off without making anyone else worse off (2)

3.2.4 At point X the consumer reaches the highest possible satisfaction vV (4)

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

3.3.1 Monopoly v (1)

3.3.2 Only one producer of the product exist in the market (1)

3.3.3 Monopolists sell unique products (2)

3.3.4 Companies decrease production (4)

3.3.5 Eskom is a monopoly because it is the only supplier of electricity in South Africa and there no close substitutes (2)

3.4

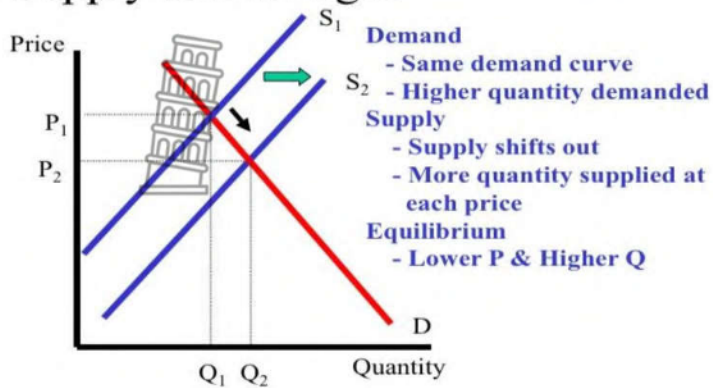
Perfect market	Monopoly
There is free entry and exit in this market structure vV	There are barriers to entry vV
There is no control over prices ,firms are price takers vV	They have considerable control over prices, and they are price makers vV

(2x4)(8)

3.5 Effect of an increase in technology in the supply curve



Supply Shifts Right



Axis=1
Curves=1
Shift=2

- The improvement in technology will result to a shift in the supply curve $\checkmark\checkmark$
- Improved technology enhances the production capacity of a business $\checkmark\checkmark$
- The supply curve will shift to the right as a result of improved technology $\checkmark\checkmark$
- The shift in the supply curve will Cause a decrease in the price if the product from p1 to p2

Max (4) explanation

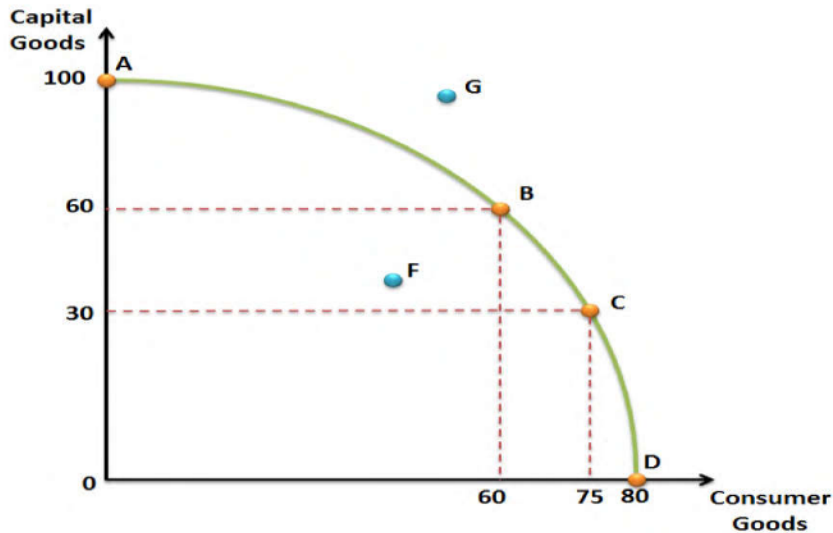


Question 4

- Discuss in detail the production possibility curve. (26)
- How can the change in price affect the budget line (10)

Introduction

Production possibility curve is a curve that shows the combination of goods a business can produce with the available resources over a given price.



Scarcity

Individuals make choices as the means to satisfy unlimited needs and wants are limited

This is referred to as scarcity, a problem faced by everyone in the society

The ppc shows that there are combinations of goods that cannot be produced with the available resources.

All points at the right area of the ppc are unattainable like point g

The limited supply of factors of production makes it unobtainable to produce maximum quantities of both capital goods and consumer goods

Choice

The concept of choice is illustrated by the fact that the producer may produce any desired combination of goods represented by points on the production possibility curve

The producer can choose between point D, C, B or A

The producer may choose to produce more capital good but this will mean less consumer goods will be produced



Opportunity cost

This is the trade-off between consumer goods and capital goods in moving from point C to B

Point C illustrates the concept of opportunity cost

The amount of gain will be equal to the amount of sacrifice

There are gains as some resources are more suited to produce consumer goods and some are suited to produce capital goods

Inefficiency

This is illustrated by points on the left area of the ppc

This shows that some resources are not used to optimize production

This point shows allocative inefficiency as the resources are not efficiently used to maximize production.

ADDITIONAL PART

An increase in price will result a to a decrease in the quantity of goods purchased by a consumer

This will further reduce the affordability of the consumer

This will result to a shift in the budget line to the left

A higher price will show a lower budget line

The budget line will move inward (to the left) as a result of an increase in price

Conclusion

Any acceptable answer

Question 5

- Discuss the following methods of government intervention in the economy

-Maximum prices

-Minimum prices

-Minimum wage

- In your opinion, why are subsidies given to different economic players?

(10)



(26)

Introduction

Public sector

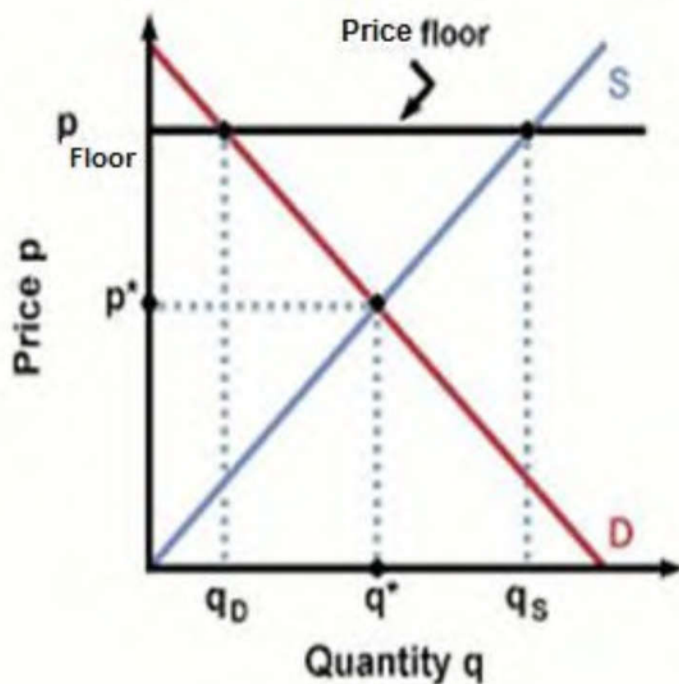
The sector that consists of government at all levels – national, provincial and local – as well as public institutions



that the government establishes to serve the needs and wants of all the citizens.

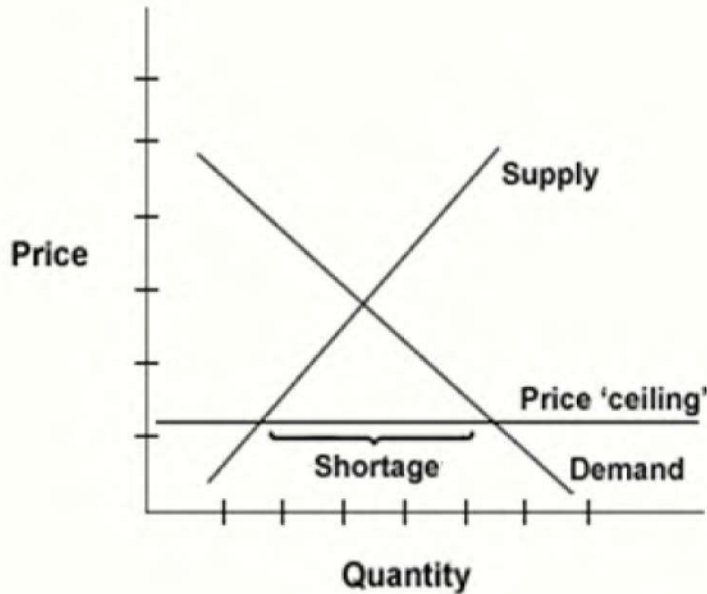
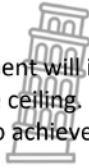
Minimum prices

- The government also intervenes in the markets to control the price of a good or service by setting a minimum price or price floor.
- The aim of this is to ensure a constant supply of a good or service by protecting the producers who might find it difficult to make ends meet.
- To be effective, the minimum price of a good or service is set above the equilibrium or market price.



Maximum prices

- The government will intervene in the market to control the price of a good or service by setting a maximum price or price ceiling.
- It does this to achieve its economic objective of equity.
- The



Marks will be allocated as follows:-

- 1 mark for X-axis
- 1 mark for Y-axis
- 1 mark for labelling D curve
- 1 mark for labelling S curve
- 1 mark for Equilibrium point
- 1 mark for indicating price floor

(Max 3)

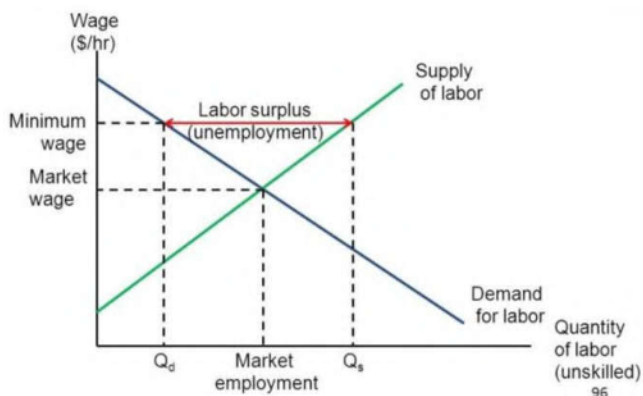
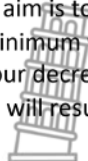
service is set below the market price to enable poorer consumers to afford a good or service.

- A maximum price may be necessary when a shortage of an essential food may result in a large increase in its market price.
- Examples of maximum prices that the government sets on goods and services are for basic foods, housing and transport.



Minimum wage

- Wage instituted by the government for unskilled labor, which is above the market wage
- A minimum wage is instituted for unskilled labour
- The government puts the wage above the market wage
- The aim is to redistribute income and reduce inequalities in the economy
- A minimum wage result to inefficiencies as the supply of labour increases while the demand for labour decreases
- This will result to a market surplus and the supply of labour increases



ADDITIONAL PART

- The government offer subsidies to producers to encourage the production of some products
- Subsidies may also be offered for the purpose of improving employment in the economy
- Subsidies are also given to consumers to help those afforded goods and services to improve their standard of living
- Employment subsidies
-

CONCLUSION

Any relevant answer is acceptable

